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Near East & South Asia

7 JULY 1987

NEAR EAST & SOUTH ASIA

CONTENTS

NEAR EAST

EGYPT

Ambassador to U.S. Discusses Debts, American Assistance ('Izzat al-Sa'dani Interview; AL-AHRAM AL-DUWALI, 9 May 87)	1
Foreign Money Market Changes Reviewed (Yusri Mustafa Interview; AL-MUSAWWAR, 5 Jun 87)	9
Al-Wafd Leader Comments on Election Outcome, Opposition's Role (Wahid Ra'fat Interview; AL-MUSAWWAR, 17 Apr 87)	17
Founder of New Party Describes Aims, Policies (Sami Mubarak Interview; UKTUBAR, 24 May 87)	27
Various Security Experts Describe Illicit Arms Trade (Hasan Za'fan; UKTUBAR, 31 May 87)	36

MOROCCO

General Union of Moroccan Workers Celebrates 27th Anniversary (El Ousfour; L'OPINION, 8 May 87)	43
Journalists Round Table Discusses Problems in Press (Khalil Rais; L'OPINION, 8 May 87)	45

SAUDI ARABIA

Strict Regulations Govern New Stock Market ('Abd-al-Rahman al-Rashid; AL-MAJALLAH, 26-30 May 87) ...	49
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SUDAN

- TIMES Criticizes Prime Minister for Statement on Massacres
(Editorial; SUDAN TIMES, 3 Jun 87) 53

TUNISIA

- Solar, Wind Energy in Southern Regions
(LE TEMPS, 2 May 87) 56

- Situation in Chemical Industries, Phosphate Sector Reviewed
(Youssef Hechmi; DIALOGUE, 27 Apr 87) 57

YEMEN ARAB REPUBLIC

- Oil Discovery Will Assist New Development Plan
(Muhammad al-Khadim al-Wajih Interview; AL-MAJALLAH,
26-30 May 87) 61

PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN

- Soviet Company Discovers Oil in Shabwah
(AL-MAJALLAH, 26-30 May 87) 64

SOUTH ASIA

IRAN

- Rafiqdust Speaks on Securing of Arms, Related Issues
(RESALAT, 16 Mar 87) 66

- Bill To Reduce Tax on Government Officials Salary Approved
(KEYHAN, 5 May 87) 69

- Non-Oil Exports Show 64 Percent Increase
(Mojtaba Khosrow-Taj Interview; RESALAT, 30 Apr 87) 72

- Trade With Bulgaria Increasing
(Khristo Khristov Interview; RESALAT, 18 Apr 87) 74

- Essential Agricultural Products Increasing
(KEYHAN, 19 May 87) 75

- Weekly Fruit, Vegetable Prices Announced
(KEYHAN, 11 May 87) 76

- Minister Announces Industrial Reconstruction Plan
(KEYHAN, 3 May 87) 77

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AMBASSADOR TO U.S. DISCUSSES DEBTS, AMERICAN ASSISTANCE

Cairo AL-AHRAM AL-DUWALI in Arabic 9 May 87 p 3

[Interview with Egyptian Ambassador to the U.S. by 'Izzat al-Sa'dani: "Egyptian Concerns in the American Capital!"]

[Excerpts] In Washington, the American capital, the heart of the Western world on the other side of the world, I brought purely Egyptian concerns with me inside my suitcase, my mind, and my entire being. These concerns did not leave me for a single minute, and kept buzzing in my head like a busy bee wherever I went.

I began to ask myself many questions: Would I really find American solutions here to Egyptian pains and sufferings? Would I really find, here in the American capital, convincing answers to everything on the minds of Egyptian people?

Despite the wide Egyptian smile on the face of the person who met me (Egyptian Information Counselor in Washington Muhammad Wahbi), as we made our way from the airport to the house of the Egyptian ambassador I was completely preoccupied, counting the Egyptian cares on my fingers: the special Egyptian-American relationship...how it can be developed in Egypt's favor? The Egyptian debts that have been bequeathed to all the Egyptian people, who worry about them day and night...how can we pay them or reschedule them? American aid to Egypt...Is it enough or does it need to be reevaluated? And the American role in the peace process in the Middle East...how can we direct it more to the advantage of the overall Arab cause?

I was filled with a strong feeling that I was like someone who was searching for a needle in a haystack. Only the warm words of welcome from the mouth of my friend 'Abd-al-Ra'uf al-Ridi, the Egyptian ambassador to the U.S. in the American capital, roused me from this feeling, as he guided me toward the living room in his house on Massachusetts Avenue.

Mrs Faridah al-Ridi, wife of the Egyptian ambassador, placed before me the first cup of coffee I drank outside of Egypt. The Egyptian ambassador told me: "This is your newspaper. The headlines carry encouraging news from Cairo."

Putting on my reading glasses, I said, "The news is happening here in

Washington, not in Cairo!"

He said, "Actually, it is from the American capital, but it carries a strong hint of hope for solving purely Egyptian troubles!"

I read the good news: "The agreement with the IMF is proof from the largest economic agency in the world that the Egyptian economy is sound." This is what Prime Minister Dr 'Atif Sidqi said after his meeting with President Husni Mubarak.

I raised my eyes from AL-AHRAM AL-DUWALI and looked at the minister who said, "Next Friday, 15 May, Egypt will present a letter of its intentions to the board of directors of the IMF, after which the board will authorize the president of the IMF to sign an agreement with Egypt, which will receive \$300 million of credit on easy terms."

[Question] And what after that?

[Answer] There is also a meeting of the Paris conference Thursday, 21 May, to reschedule Egypt's debts and give it a 7-year grace period.

[Question] What does all this mean?

[Answer] It means more loans from the World Bank to fund electrification, industrial, and agricultural projects in Egypt. More important than all that, it means that the IMF and the World Bank are confident of the soundness of the Egyptian economy, and this is a very great victory.

[Question] But doesn't it worry us to wait until the 15th or 21st of May to receive these credits?

[Answer] It is a matter of time and this is a very short time. However, it is the fruit of the exhausting efforts that sincere Egyptian men have made here and in Cairo and it has taken continual shuttling between Cairo, Washington and Paris for us to score this success in the end!

[Question] Mr Ambassador, don't you agree with me that the IMF and its companion, the World Bank, have delayed a long time in granting Egypt their confidence in the soundness of its economy, and have thus delayed a long time in offering the loans necessary to patch the holes in the fabric of the Egyptian economy and to advance the Egyptian development plans?

The Egyptian ambassador lit an Egyptian cigarette that I had brought with me from Cairo and watched me as I continued what I was saying:

[Question] Don't you agree with me that America has not given Egypt enough financial aid for Egypt to stand by America's side, when Egypt is suffering from a dangerous lack of hard currency necessary to pay for turning the wheel of production. I am communicating to you the public sentiment prevailing among Egyptian political sources. I heard with my own ear a dialogue between two people in a cafe in Bab al-Luq a week before I arrived here. The first person said to the second: "By God, friend, if America wanted to solve all

Egypt's economic problems, it would have solved them and there wouldn't be any need for loans from the World Bank or anyone else!"

The ambassador laughed as he said:

[Answer] Slow down! One by one!

[Question] All right, one by one.

[Answer] For instance, when you go to the bank and ask for a loan to get married, don't you give the bank a letter of guarantee stating your financial position and your salary so that the bank can make sure that you will make your debt payments at the beginning of each month?

[Question] Yes.

[Answer] If you are late in paying, doesn't the bank seize what you have? Then if you asked for another loan, do you expect that the bank will give you this loan, when you have not yet paid back what you owe on the previous debts?

[Question] No.

[Answer] The same thing goes for countries when they deal with the IMF and the World Bank.

[Question] Could you clarify this more for me, Mr Ambassador?

[Answer] Very simply, the IMF and the World Bank do not give loans to a country unless they are completely sure that its economy is able to pay it back within the allotted time.

[Question] How can they be sure of this?

[Answer] From the rates of economic growth and the forward--not backward--progress of the development plans each year, from the production cycle and the increase in production each year, and from the trade balance of imports and exports being in the country's favor in general, not against it!

[Question] It is a very complicated economic process.

[Answer] Here, my friend, they only offer a helping hand to those who can stand on their own two feet before difficult challenges, and to those who can pay with the left hand for what they took with the right.

[Question] Before I forget, what is the difference between the IMF and the International Bank of Reconstruction and Development?. People are always confusing the two.

[Answer] The difference is clear from their names. The IMF was established specifically to maintain the balance of international exchange and to ensure that what happened in America in the 1930's, when America and the entire world faced with severe monetary crises which eventually led to the appearance of

Hitler and World War II, would not be repeated. The IMF is an independent international organization and is part of the general structure of the United Nations. It is controlled by the seven great industrialized nations and it offers liquid monetary loans with annual interest.

[Question] And the World Bank?

[Answer] It offers loans specifically for industrial and energy projects, and does not offer liquidity loans.

[Question] If the board of directors of the International Monetary Fund agrees next Friday to give Egypt \$300 million for monetary liquidity, and if the World Bank agrees to give Egypt a loan of \$400 million... doesn't all this international development mean that the Egyptian economy is now sound?

After a few seconds during which he lit his second Egyptian cigarette, he said:

[Answer] This is true, but we cannot forget the Egyptian debts. Despite the fact that we will reschedule them at the Paris conference next 21 May, frankly, they represent a heavy burden on the Egyptian economy.

[Question] How can Egypt get rid of the worrisome debt problem?

[Answer] I think that we should talk about this at the end of our conversation. But first I want to mention one aspect of the Egyptian economy's troubles which caused many problems during our dialogue with both the IMF and the World Bank.

[Question] What problems?

[Answer] For example, the exchange rates of foreign currencies, from which only those who deal in the black market benefit.

I interrupted him:

[Question] But the Egyptian prime minister announced in Cairo that the government during the next few days would announce a series of measures to regulate the black market, after it finishes the study that it is currently conducting to unify exchange rates in order to increase Egypt's foreign currency resources and spur production!

[Answer] This is wise, and it proves that the Egyptian economy is on the right track. But this must involve taking a number of economic measures which the people must patiently tolerate until the Egyptian trade balance is adjusted. For example, it is unreasonable that energy prices in Egypt should consume half the oil that we produce. It is also unreasonable that we should import goods and food for \$9-10 million when the entire income of Egypt is \$5 billion! We have to find a definitive solution to these economic logarithms!

[Question] Let us return to our discussion of the concerns [of the Egyptian

people]. What is the American role in the Egyptian economic crisis? People in Egypt believe completely that the American role is inadequate and incomplete, even with regard to the political process and the Middle East peace process. They believe that with one stroke of the pen by America's hand, all Egypt's problems can be solved.

As he lit his third Egyptian cigarette, the man said:

[Answer] People in Egypt do not understand America well.

[Question] How?

[Answer] American decision-making is very complicated. It is not within President Reagan's power to issue decisions spontaneously. The American Congress, with all its political parties, controls political decisions in general. We Egyptians must have a dialogue with everybody, as we maintain our dignity and stand side by side with America, intellectually and equally. Opinions must be exchanged between us and the American administration with respect and acceptance of American decisions or the Egyptian response to them in the end.

The opinion between us and the American administration exchanging points of view also in deference to and acceptance of American decisions or the Egyptian response to them in the end.

It appeared as if the Egyptian ambassador had read in my eye that I did not grasp his words well, because he asked me:

[Answer] Did you understand what I mean?

[Question] Not a lot and not a little at the same time!

Laughing, he said:

[Answer] Then you have begun to have a dialogue. You are on your way to complete understanding!

He was quiet for a few seconds during which he changed his sitting position before me. Then he said:

[Answer] My friend, America is a country based on dialogue. It is part of the American mentality. We Egyptians must also have this mentality. Otherwise, we will lose momentum!

[Question] Could you accompany me on a trip inside the American mind so that we could understand it better?

[Answer] The Americans must be completely convinced to either agree or give us something. The American mentality is based to the utmost degree on curiosity, discovery of the unknown, and scientific adventure. This is what explains the journeys to explore space and the stars, and the landing on the moon. They do not play, have fun, or gamble here. Everything is done within an overall scientific framework based on exploration, innovation, and also the stars.

I will give you examples of the American mentality. Dr Rita Farid, professor of Egyptian history at the University of Tennessee, who wrote a book on the Great Ramses which includes everything about the exhibition on him in the American city of Memphis, went to an American bank director and convinced him to donate \$50,000 to the Egyptian exhibit. However, on the day that she went to receive the check, the man died and the new director refused to give the donation. She went to the meeting of the board of directors of the bank, spoke to them, and convinced them of her point of view. They agreed to pay the amount, even though the bank director did not approve!

I did not comment on the story, so the ambassador continued his examples:

[Answer] The mayor of Memphis himself went to Cairo and contracted with officials there to show the Ramsis II exhibit in his city. He succeeded in establishing the largest exhibit of Egyptian antiquities in America, and he is only a mayor, not the governor of a state or a secretary in President Reagan's administration.

I remained silent and he continued his examples:

[Answer] For example, you have Sackler, the American millionaire, who loved artistic treasures. He buys antiquities from everywhere in the world for billions of dollars and gives them to the Metropolitan Museum in New York. You also have his colleague, Paul Getty, the American billionaire who gave the Los Angeles museum several billion dollars for the same purpose!

[Question] But who has a dialogue with America?

[Answer] There is no one specific person: everyone coming from Cairo. We live here in a perpetual dialogue with the American administration and the members of the U.S. Congress on every issue in politics, the economy and activating the American role in these areas. The climate is now very good for dialogue. Do you know that I suggested to the secretary of state that an institute of American studies be built at one of the Egyptian universities?

[Question] What did they say?

[Answer] I have not received their answer yet!

[Question] Until the answer comes, the Egyptian people want to know where you have arrived in your continuing dialogue with the American administration concerning economic issues in particular.

[Answer] You mean American assistance to Egypt?

[Question] Yes.

[Answer] Come, let us figure it out with a pencil and paper. At the same time that the American budget is suffering from a deficit of \$200 billion, America paid Egypt military and economic assistance from 1985 to 1987 of:

1. \$1.3 billion in non-repayable military assistance grants.
2. \$815 million in outright grants distributed in the following way:
 - \$115 million in cash
 - \$500 million for the sewer project, the Shubra electricity station project, and the Abu Sultan electricity station.
3. \$200 million, for American goods and commodities alone.
4. From American agricultural surpluses governed by the American Law No. P.A. 485, Egypt received \$200 million at an interest rate of between 2 and 3 percent and with a 20-30 year grace period!
5. Add to all that \$500 million in cash in 1985.

This is what America has given to Egypt in three years: One billion dollars in cash and the rest to be spent on domestic projects, such as electricity and sewers, plus \$1,000,300,000!

With the exception of Israel, Egypt is the second country in the world to receive American assistance. It receives more than the members of NATO, Turkey, Greece, Spain, or the Philippines, and these are countries in which America has military bases!

Once again, from an Egyptian perspective, I asked the ambassador:

[Question] Why does it seem that the American political role in the Middle East is now frozen?

[Answer] Not at all. For example, there is an assurance from the American administration of the importance of an international peace conference, despite the disagreement between Shamir and Peres in Israel concerning the conference. There were high hopes that the conference would meet, if it had not been for what the PLO did recently, when it abandoned the agreement with Jordan, and attacked the Egyptian role. Unfortunately, this was a step backwards.

Egypt is a pivotal part of the peace process, and the Egyptian-American relationship is a very fundamental one. Security and peace are extremely vital matters for both us and the Americans. America is a very great power and it is our duty that this power be used to Egypt's advantage, while we maintain its sovereignty, dignity, and national independence. The true challenge now is for us to make this American power an economic and technological policy, side by side with Egypt and for Egypt's benefit!

[Question] Let's get back to discussing Egypt's sufferings.

[Answer] You mean the Egyptian debts.

[Question] Yes.

[Answer] We are now putting the final touches on the matter. The board of directors of the IMF will meet here in Washington next Friday and will give

Egypt what amounts to a cash loan. The same thing will be discussed at the Paris conference on next 21 and 22 May, in order to agree on the rescheduling of the debts.

[Question] I mean, how can Egypt solve its economic problems by itself and get rid of the mountains of debts heaped upon it?

[Answer] Let's get it from the horse's mouth!

[Question] How?

[Answer] Come with me to the meeting of the World Bank and IMF experts in the morning and you will learn the whole truth.

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FOREIGN MONEY MARKET CHANGES REVIEWED

Cairo AL-MUSAWWAR in Arabic 5 Jun 87 pp 16, 17

[Interview with Economy Minister Yusri Mustafa by Safa' Luwis: "The Minister of Economy Reveals the Upcoming Steps in the Foreign Money Market"]

[Text] In an interview, the minister of economy and foreign trade, Dr Yusri Mustafa, said that the coming stage in the establishment of the free foreign currency money market will witness a number of important decrees, foremost among them the unification of the free market and Central Bank complex exchange rate, the elimination of imports without the transfer of hard currency, the elimination of sales in dollars, payment of the private sector's indebtedness in Egyptian pounds and suspension of the payment of salaries in dollars. The requirements of the tourist pilgrimage, the off-season pilgrimage and treatment abroad at personal expense will also be responded to.

I asked the minister of economy and foreign trade, Dr Yusri Mustafa:

"The basic goal in the issuance of the economic decrees is restoration of the banking system's ability to respond to all the market's requirements for hard currency, principally the transfer of letters of credit from the revenues of the free foreign exchange markets. However, bank market revenues have not absorbed the tremendous amount of requests to open credits, which are greater than 3,800, so that the banking system can eliminate the system of importing without the transfer of hard currency."

He told me,

"At the beginning we must acknowledge that a number of problems emerge at the outset of the application of any new system. Indeed, we have faced a flood of requests for information and questions concerning the issuance of the new economic decrees. However, most of these problems were focussed not on the availability of the free market's foreign currency receipts but rather on the opening of import requests, since we have not yet issued a decree setting priorities for imported commodities. There are instructions for all banks concerning the opening of all credit requests which are presented to us to import all commodities, except for commodities it is forbidden to import in accordance with Decree 333 for 1986, and the acceptance or rejection

of any letter of credit will depend on the credit relationship between the bank and the client and the true nature of the client's financial status, in addition to the requirement that 35 percent of the value of the letter of credit be paid as soon as the request to open the credit is presented to the bank, provided that it be paid in dollars or pounds, in accordance with the client's resources. There are some clients who can pay this share in hard currency out of their import accounts. If foreign currency is not available to the client he can open the credit in pounds, within the limits of the credit ceiling of the bank conducting the transaction with him.

"One can say that up to last 26 May the free foreign currency market's receipts, which came to \$130 million, managed to absorb all the import requests to be opened, whose value was \$72 million, and these were transferred from the market's revenues, not to speak of the credits which were opened in dollars out of the clients' own resources."

[Question] However, after the banks' funds sustained losses in the recent period because of the loans the banks offered their clients, which were guaranteed by the clients' reputation, why did the Central Bank and the Ministry of Economy relinquish the task of setting priorities for the opening of letters of credit?

[Answer] We must realize that the notion of credit means that the bank has confidence in the client as far as the loan granted to him is concerned, and therefore the banks must offer loans to their clients with personal collateral or on the guarantee of the clients' reputation and financial status. If there are some people who have been harmed when their credit applications were not accepted, the bank is supposed to refuse to open credits only for reasons of credit, and if there are some others who complain that the rate has risen to 35 percent because of the difficulty in meeting it, we have set this rate to guarantee the seriousness of the client in requesting the opening of credit, since we were surprised to see many importers evading payment of the rest of the price for opening the credit when that was agreed to.

Debt Scheduling

Concerning the free foreign currency market's ability to finance all the market's requests, I asked him, "When will the banking system start selling hard currency as well as buying it?"

He said, "When we declared that the establishment of a free foreign currency market was beginning, we meant the gradual assimilation of various activities in the banking market. Since we began by introducing the applications of investment companies subject to Law 43 as well as those for travel allowances, official conferences, the pilgrimage by lottery and medical treatment through the medical commission, these are all being financed by free market revenues, and the coming stage will witness the introduction of two categories. The first of these is the payment of all private sector debts, which are estimated at about \$2 billion; these are debts originating from letters of credit in dollars only, and in the light of our followup of the market's revenues and its disbursements, we will permit the payment of these debts out of the resources of the free market. I might also state that solutions

have been presented for scheduling this indebtedness in accordance with the agreement of the creditor banks. In addition, all activities for which provision has not been made, in the form of the tourist pilgrimage, the off-season pilgrimage and medical treatment at personal expense, will be introduced."

The Public and Private Sectors

[Question] What is your opinion on what the banking system has declared, that it is responsible for financing letters of credit for the public and private sectors in accordance with free market receipts? What is the effect of that on the private sector's fear that the public sector's applications will be answered first? What guarantees are there that the needs of the two sectors will be financed in accordance with the requirements of the market?

[Answer] I mentioned that no priorities exist in the opening of letters of credit, but there are commodities whose importation is permitted and others whose importation is forbidden. If the banks agree or refuse to open credit for one commodity to the exclusion of another, that is on the basis of credit rules. There are instructions from the Central Bank that the private sector should receive priority in the opening of credits. This is above and beyond having the public sector act as a guide for each public sector authority, through quotas in the foreign currency budget each year, and these quotas are still in effect up to now. The public sector is still committed to the quotas cited in the cash budget up to the end of June. In the event the public sector requests an increase in these quotas for an urgent reason, it will write to the cash balance section in the Ministry of Economy, which will discuss the subject and increase the quota if the situation requires.

[Question] Why haven't the new economic decrees concerning the establishment of a complete foreign currency market been declared? What is the goal in proceeding gradually in the establishment of this market?

[Answer] The fact is that there are reasons for this gradual progression, most important of which is to make each stage in the establishment of the market able to absorb all the measures bearing on it, especially from the standpoint of the effect of the rise in the exchange rate on the costs of living. The second reason is that the unification of the exchange rate should occur at the same time as the structural reforms the government is carrying out for the sake of remedying structural disturbances in the form of the deficit in the general government budget, as well as the deficit in the balance of payments, and also remedying the disruption between investment and savings. These disruptions can be remedied not all at once but gradually. For example, if we have three exchange rates, the Central Bank complex rate (70 piasters), the commercial bank complex rate (136 piasters) and the free market rate (218 piasters), we will have the goal at this stage of unifying the new free market rate with the commercial bank complex rate, and, after finishing with this stage, we will start consolidating the new rate with the Central Bank complex rate -- again, gradually. Therefore, the unification of the exchange rate is a medium-term matter. Even the first stage in the establishment of this market is a gradual process, in the sense that commercial operations will be transferred to it gradually, and we have

indeed transferred some receipts and some payments to it (the commercial bank complex still is in being), the most important of which are the receipts from exports and the savings of Egyptians working abroad. Transactions are also taking place within the new market relative to all the revenues of the private and cooperative sector, including the domestic and joint private sector, joint companies subject to Investment Law 43 and some public sector transactions.

In Keeping with the Behavior of the Market

[Question] However, some people are afraid that the experience of the exchange rate setting committee in the commercial bank complex will be repeated and it will be converted into a fixed administrative rate detached from the requirements of supply and demand. Since the announcement of the new market, the price has not varied much, in a manner in keeping with the behavior of the market, since it has continued to fluctuate between 216.5 and 218 piasters to the dollar.

He said:

"The exchange rate the free foreign currency market administration room sets is considered variable, not fixed, and it changes at 1500 hours in the afternoon every day. It is a price that is binding on all authorized banks. However, with the beginning of another stage in the establishment of the free market, the room's rate will become one of guidance, and it is possible that the banks will set a purchase and sale rate which is slightly lower or higher than this guidance rate, where the exchange rate unification room will become one that only performs followup. All the countries which follow this system are content to have this become a guidance rather than binding rate, so that the difference in rates will be to the benefit of the bank, and this will encourage the banks to compete to attract the greatest possible portion of foreign currency receipts. That is what we mean by a gradual process in applying the free banking market, in the form it must take."

Guidance of Subsidies

[Question] What are the most important techniques by which the structural disruptions in the general budget will be remedied?

[Answer] The basis of the structural reforms is the general government budget for 1987-88 and their approach is to reduce the net deficit, which came to 780 million pounds last year. That will take place through an increase in revenues, through new revenues, or through an improvement in the capability of the tax system and improvement in tax collection and the tax census. This does not mean an increase in taxes. There is another approach, which is the guidance of government spending. That is broken down into the spending necessary for operating the government's administrative system in the form of schools, hospitals and so forth, where the reduction or guidance of these expenditures is not desired, while another group is government remittances, which are embodied in the burdens of the domestic public and government foreign debt (there are some authorities whose activities show a deficit, which the government guarantees), and the third group is subsidies. In my

view, guidance is desired in all aspects of public spending, but the guidance must assume greater form and be concentrated in the group of government remittances by guiding the burdens of the public debt through guidance of the public debt itself, guiding the financing which the government defrays from the general government budgets to the authorities and public sector units and raising their competence, as well as guiding subsidies to confirm that they reach the people who are entitled to them, increasing exports and guiding imports. By guiding imports we do not mean reducing them, since it is hard to reduce something if its imports are increasing. The important thing is for us to work to reduce this increase.

Coping with the Increase in Prices

[Question] Figures affirm that the value of the Egyptian pound dropped by 60 percent as soon as the new decrees were issued and the exchange rate was unified, from 136 to 218 piasters. This has actually had an effect in the rise of prices in the local market. What measures has the government taken to cope with this increase?

[Answer] The economy does not perform its role in a vacuum. Every economic decree must have side effects on all other considerations, political, social and cultural. Therefore the government takes all these considerations into account concurrently. We started applying that when we defined the activities which would be brought into the scope of the free foreign currency market as far as the public sector is concerned and we have taken care that they not increase the burden of living on the citizens. While the government is working on behalf of the people, we do not deny the rise in the prices of some goods with the issuance of the new decrees, but we have prevented that from extending to the prices of basic commodities. They are still at the Central Bank complex rate. There is no doubt, either, that the provision of foreign currency for production units will have the effect of eliminating [sic] full capacity and therefore reducing cost per unit of production. I can also state that the rise in prices of some commodities has not in reality been a result of the issuance of the new economic decrees, since most of the private sector's commercial transactions have taken place at the free market rate and not at the commercial bank complex rate, and the same goes for part of the public sector transactions.

On the other hand, any rise in prices will affect real and limited incomes, and the government will cope with that one way or another, by increasing wages or increasing subsidies in a manner which is in keeping with the changes in the rates. Everyone must realize that we have not issued haphazard or improvisational decrees. Economic specialists in the Ministry of Economy have prepared a comprehensive report on the effect of the new financial and monetary decrees on various types of goods and the costs of living of people with limited incomes in particular, at all stages of the gradual establishment of the free foreign currency market, and indeed the results of this study produced an effect on the prices of some commodities with the issuance of the decree establishing the free market. Therefore, the ministry also prepared an urgent study on the possibility of increasing wages so that ordinary citizens would be able to buy what they had bought with their incomes previously.

Bolstering the Egyptian Pound

[Question] Why haven't the new financial and monetary decrees included a single measure which would help bolster the value of the Egyptian pound, especially with the decline that afflicted it as soon as these decrees were issued?

[Answer] One of the most important goals of the decrees establishing a free foreign currency market is to improve the status of the pound. The decrees have stipulated that authorized banks may enter into sale and purchase transactions in foreign currency detached from factors of risk and insecurity and also detached from currency dealers' fantastic profits. That will have the effect of bolstering the value of the pound. In addition, the issuance of the decree defining the credit ceiling in the banking system will lead to a slowdown in inflation rates, since currency supply considerations will be met through the Central Bank, and this has indeed slowed down its increase greatly, which is something that supports the status of the Egyptian pound. We must recognize that the new decrees have not amounted to more than an acknowledgment of the real value of the Egyptian pound vis-a-vis foreign currencies following the elimination of the effects of alien elements, foremost among them speculation, the deficiency of information and data concerning real supply and demand requirements, the failure to guide demand and the failure to subject transactions to surveillance. What we are striving for is to control the relationship between the pound and the dollar in a manner which will reflect the real value of the pound through the free foreign currency market, so that it will be possible to use the pound as a repository of value and symbol of sovereignty.

[Question] Why haven't the economic decrees dealt with the status of the companies, the investment of funds and the subjection of funds to Central Bank control by compelling them to deposit a share of their dollar deposits with the Central Bank, same as the other authorized banks?

[Answer] We welcome all productive units contributing to economic development in the framework of the law. Of course, if any unit violates the law, the law will be primarily responsible for bringing it back to the sound road. Whether this is a private, public or cooperative sector unit or assumes any form, the verdict ultimately lies with the law.

[Question] However, when the establishment of the new free market began, the problem of a lack of expertise among people working in banks authorized to deal in foreign currency in conducting sales and purchase transactions in foreign currencies manifested itself in the banks, and this provoked questions among some people on the purpose of not giving money changers formal status in order to seek their assistance in more burdensome stages vis-a-vis the availability of foreign currencies.

[Answer] The main objective in the establishment of a free foreign currency market and sale and purchase transactions by authorized banks in foreign currencies is to seek to have individuals become accustomed to dealing with banks in foreign currency, so that an Egyptian working abroad will go to a bank, correspondent or anyone dealing in foreign currency abroad and will

ask him to remit a sum in dollars to his account in Egypt. The citizen in Egypt who has foreign currency will also go to any bank in which he can exchange foreign currencies for domestic currency or will open an account for which he receives permission, such as a savings account, an import account or a free account if it is currency of a known source.

[Question] What about the Egyptian delegation's meeting with al-Rajihi and al-Mazini?

[Answer] No agreement occurred. All we did was to have the remittances take place by telex, telephone or mail, whether that is through al-Rajihi or other bank branches. I can state that we have not prohibited recourse to the aid of money changers; we have just prevented the changers from giving checks in Egyptian money to citizens changing their currency: the transfer must take place in dollars.

[Question] Even after the establishment of the free market there still is some difference in the free market and black market rate. Why?

[Answer] There no longer is a unified black market rate, but there are transactions taking place at a specific rate.

[Question] We have learned that during the next few days the National Bank will declare its purchase of the foreign party's share in the Chase National Bank. Was this the result of the emergence of a problem with the foreign bank branches, which come to 22 and do not have the right to conduct sale or purchase transactions in foreign currency, as the authorized banks do? Is this to be considered a start in the liquidation of these branches?

[Answer] These branches continue to exist as they were. We had a specific kind of bank, banks which dealt in the Egyptian pound and others which dealt in foreign currency, and this situation has not changed. Therefore, it is difficult for us to let the banks which deal in foreign currency alone deal in pounds also. Therefore, our grant of authorization to conduct purchase and sale transactions in foreign currency has been restricted to about 38 banks and two tourist companies.

[Question] So where then do the clients arrange their requirements for foreign currency in order to open their letters of credit?

[Answer] They obtain dollars from their import accounts. In general, support for the new system exists from these foreign branches, as a result of the grant of permission to them to open windows for certain clients of authorized banks as a contribution on their part to making a success of the new banking system. These banks will continue to exist. We are thinking only of the stability of the current conditions, and liquidating a bank is not an easy matter. However, we have not established a new bank for the coming stage.

[Question] However, there are some loopholes which still need to be closed lest we place obstacles in the way of making a success of the new banking policy, as is the case regarding sales in dollars in the local market and

disbursements of salaries in dollars to some authorities working inside Egypt.

[Answer] If the goal in establishing the free market is to transfer foreign currency transactions to the organized agency which is qualified for that, which is the banking system, that means that all the loopholes will be remedied in the period to come. For example, there are some public sector companies which sell their products for dollars in the local market, on the claim that they are providing the foreign currency necessary for their import requirements, and when the new banking market assumes complete form and its resources are available in a manner which is in keeping with its disbursements, sales in dollars in the banking market will be suspended. The same is the case regarding the abrogation of the system of importing without the transfer of hard currency and the transfer of letters of credit in full from the resources of the free market, not to mention the elimination of the disbursement of salaries in dollars to authorities working inside Egypt.

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AL-WAFD LEADER COMMENTS ON ELECTION OUTCOME, OPPOSITION'S ROLE

Cairo AL-MUSAWWAR in Arabic 17 Apr 87 pp 18, 19, 58

[Interview with al-Wafd Party Chairman Wahid Ra'fat by Sana' al-Sa'id; "Dr Wahid Ra'fat to AL-MUSAWWAR: Real Danger Does Not Come from Communism or al-Wafd But from Brotherhood's Alliance; Brotherhood's Presence in People's Assembly Will Put Numerous Obstacles in Government's Way; We Are for Strong Opposition but Brotherhood's Opposition Upends Society's Conditions; Abolishing Peace Treaty with Israel Is Grave Mistake Which We Cannot Endure; al-Wafd's Tactics Were Wrong and Agreement Should Have Been Reached with National Party"; date and place not given]

[Text] There are serious issues which need to be tackled in a spirit of solidarity and with a view for the democratic procession, namely, the serious economic problems, the debts, and the subsidy. Tackling these issues is the primary task of the People's Assembly with its new makeup in which the ruling party has maintained its majority. The Islamic alliance stands as an important faction controlling the opposition. Naturally, it is hoped that the said alliance will play a responsible role in the parliamentary experience.

Despite the negotiations which accompanied the latest elections, the outcome of the elections had been expected to reflect the actual percentages and exclude the parties that lost votes. The Muslim Brotherhood has gained.

Al-Wafd, however, diminished in size and declined because it preoccupied itself for some time with side battles and became involved with groups differing with al-Wafd in opinion and disagreeing with it in ideology. It became clear to al-Wafd's Party at the start of the election day that it had been wrong in attacking the government and the National Party and that it would have been better and more appropriate for al-Wafd to ally itself with the government and the National Party as a moderate line that rises above religious radicalism and above the concept of a religious government, against which Dr. Wahid Ra'fat warns here on AL-MUSAWWAR's pages. I said to Dr Ra'fat, who is always enthusiastic for objectivity and frankness: I wish al-Wafd's Party had flirted with the government and wish the government had responded to the flirtation. Dr Wahid Ra'fat hastened to answer: Al-Wafd's tactics were wrong. Agreement should have been reached with the National Party because the parties have national, not personal, interests.

[Question] Now that the latest elections have resulted in two main axes, namely the ruling constitutional establishment represented in the ruling party and religious polarization as seen in the major opposition force, I wonder: Where is al-Wafd's place? Will al-Wafd be in a position to strike an essential balance between two differing tendencies?

[Answer] Regrettably, the figures initially declared as a result of the election vacillated and were indecisive. There were those who were included in the lists, then omitted, and then listed again. There was a time when we did not know whether a certain member had won or lost. Even the initial investigation we conducted has made it clear to us that al-Wafd is entitled to more than 36 seats. This is what happened in North Cairo where we have been given two seats whereas we are entitled to three seats. Fractions were one of the problems which the current election law created for us.

[Question] But this applied to everyone and not to al-Wafd exclusively.

[Answer] What I mean is that the enactment of these complex provisions has shown that some of the lists were entitled to more than what they have been given. This has occurred in more than one district. This is the first point.

Second, enactment of the provisions concerning 50 percent representation by workers and farmers has, very regrettably, been exploited with the availability of an indeterminate number of independent seats. As a result, those running for election on these lists were members of the factions. This created an imbalance insofar as the workers and farmers are concerned. This imbalance was corrected by way of the lists and compensation was at the expense of the factions. This is the first time in which we encounter such strange shuffling and mixing between individual elections by lists. As a result, the lists were forced to make up for the deficit. Applying such a law to achieve a balance meant cancelling the factions and replacing them by workers and farmers. This greatly undermined the party's weight and destroyed its capable candidates. Counselor Mumtaz Nassar, the opposition leader, cannot be sacrificed. In this manner, we have lost nearly 20 prominent figures. This will result in a low representation level for al-Wafd's Party in the parliament and the replacement of prominent figures by trivial personalities on the pretext that they are workers and farmers. These people are just "yes-men" who have been selected although they have no education at all.

[Question] Does this define al-Wafd's future opinions in the parliament?

[Answer] In light of the facts I have just pointed out, I don't see that the future is bright. By the way in which we conducted the elections, we destroy the capabilities and the representation standard, which could drop in to the abyss. It would have been better and more beneficial to us to adhere to the individual system rather than adopt Western systems and distort them with strange interpretations. The logarithms of the election law we have applied in these elections are tantamount to ciphers and riddles that are difficult even for the lawyers to understand. This is why I don't expect al-Wafd's opposition in the assembly to be good.

[Question] Can the government depend on the new alliance as a weighty opposition alternative holding the position which al-Wafd gained in the 1984 elections?

[Answer] The Labor Party itself has protested because one of its prominent figures was excluded and replaced by a worker. In this manner and as a result of these tricks, the future standard will drop sharply. It is true that what has happened is supported in the law. However, the law must be reexamined because it is the basis. With this law, one cannot but steer clear off the arena and refrain from participation.

[Question] This means that al-Wafd's representation as an opposition force in the assembly will not be prepared to establish the balance that needs to be established between the majority and the tripartite alliance?

[Answer] Al-Wafd's representation will be much weaker, not just in terms of numbers but also in terms of quality--a quality which has been removed with the exclusion of such people as Mumtaz Nassar, Ibrahim al-Dusūqi Abazah, and 'Abd-al-Mun'im Husayn. This situation is unprecedented in the elections and it is not in the interest of democracy, of the government, or of anybody.

They destroyed al-Wafd by containing it initially and then by the practical exclusion of al-Wafd's capable figures. Perhaps what is intended by this is to wipe out al-Wafd's influence.

[Question] But what happened was not planned.

[Answer] Even if it was not planned, it has happened through the law. It is a disgrace to have such a muddled and distorted law. We must issue a law compatible with our people and our circumstances. Our silliness is demonstrated by our insistence on the 50 percent representation by workers and farmers. Plucking off weighty heads and replacing them by trivial people is distressing, perplexing, and terrifying. We do not aspire for positions but we do aspire for proper laws applied soundly.

[Question] Now that the Muslim Brotherhood has succeeded in controlling the Labor and Liberal parties, is it in a position to penetrate other political fronts?

[Answer] It has penetrated more than one front, union, and profession, such as doctors and pharmacists. With its leniency concerning the joint lists, the government thus opened the door wide for the Brotherhood to enter the People's Assembly. For the life of me, I cannot but wonder how the Muslim Brotherhood unites with Labor and the Liberals. How can the Syrian meet with the Moroccan? How can Labor and the Liberals meet with the Muslim Brotherhood, which refutes democracy and the parties? The Brotherhood belongs to and believes in one party only, namely Hizbullah. It moves on Khomeyni's path. So how can we expect good from these people?

[Question] Moreover, in accordance with the amendment made in September 1971 to Article 5 of the constitution establishing the political system on party plurality, the alliance between the Brotherhood, Labor, and the Liberals is unconstitutional.

[Answer] Yes, the alliance is unconstitutional because the political parties law stipulates that each party must have a political program different from that of the others. Therefore, the allied parties' nomination of a front with a conflicting facade and content means that a constitutional stipulation is undermined.

The real danger today does not come from communism or from al-Wafd, which represents the middle class, but from the said alliance which is dominated by the Brotherhood, which has used the other two parties, namely the Labor Party which did not obtain more than 7.5 percent in the 1984 elections and the Liberal Party which did not get more than one-half percent, as a mount. This is why the Muslim Brotherhood has dictated its terms to and has disseminated its poisons among the other parties.

[Question] Where is the source of danger in what you are talking about?

[Answer] In what the Muslim Brotherhood implies, namely an immediate and decisive implementation of the Islamic Shari'ah so that it may achieve the objective of turning the civilian state into a theocratic state. The Brotherhood's presence in the People's Assembly will open for it the door to put numerous obstacles in the government's way. The Brotherhood will demand immediate establishment of the Islamic Shari'ah.

Their alliance is really a political alliance seeking to achieve power under the guise of implementing the Islamic Shari'ah so as to set up a religious state. We must not be misunderstood here. We are not against the Shari'ah but we support gradualism. But if these people get what they want and attain power, the experience will be extremely harsh. We support strong opposition but these people are not a strong opposition. They are an opposition seeking to upend society's conditions and to turn the civilian state into a religious state so that they may attain the religious rule through which they want clergymen to dominate the state. In the heat of their exclusive control of power, these people may forget that the clergyman's task is to guide people, not to rule.

It is no wonder. They view Khomeyni as the model and example to be followed. They aspire to imitate and follow those who rule Iran these days and who are leading it to hell through their clinging to the war with Iraq, which is about to complete its seventh year. This is a bad model. Regrettably, there are in other Islamic countries those who want to imitate and use it as an example to be applied in their own countries. This is why we have supported and backed up the government with our opposition to any military regime because such a regime does not permit a plurality of opinion and with our opposition to any religious regime because such a regime is immersed in fanaticism. This is why

we have demanded a civilian regime. A civilian regime existed even in the days of the Prophet, may God's peace and prayers be upon him.

[Question] Do you fear the religious current this much?

[Answer] What we fear is to see some people encourage the religious current in a manner that may pose a grave danger to this society. Therefore, I do not see a smiling future but rather a frowning future. I beseech God to protect us from all evil, and He hears and responds.

[Question] One of the slogans raised by the Brotherhood says that the Shari'ah is not confined to the restrictions but that it is a complete system of life and government, a religious duty, and a national necessity compatible with the articles of the constitution.

[Answer] We do not deny this, provided that the Shari'ah is interpreted with an open mind, not with a petrified mentality that drags us 1,400 years backward. If 'Umar ibn al-Khattab were alive, he would transform the Shari'ah to make it compatible with life's requirements and he would not commit himself to this immobility and petrification. We support the open-minded Shari'ah. There are numerous advocates of this open-minded Shari'ah, including Shaykh al-Ghazali and Khalid Muhammad Khalid. The Shari'ah is tolerant enough to permit this flexibility and it was laid down to be fundamentally compatible with every time and place. The Shari'ah must be flexible and remote from hateful immobility and fanaticism.

[Question] Because the religious alliance is now predominant as an opposition enjoying the lion's share and because of considerations that may be produced by the said alliance, there are those who say that the new assembly bears within its folds the elements of its own dissolution.

[Answer] I believe that this is actually happening. Opening the door to fanatical currents is likely to hasten the dissolution of the assembly or to be a cause for instability at a time when we are in the direst need of stability.

[Question] None of us must forget that your party--al-Wafd--was the first to give the Brotherhood the opportunity of representation in the parliament when it allied itself with the Brotherhood in the 1984 elections, which were tantamount to a testing phase, which the Brotherhood then exploited to gain a greater number of votes.

What is your view now, especially since the quality of the Muslim Brotherhood representatives in the current assembly differs from that of the representatives in the 1984 assembly? This time, the Brotherhood pushed its leaders, namely al-Banna and al-Hudaybi, to forefront.

[Answer] We have missed two prominent figures in the Brotherhood, namely Mismari and 'Umar al-Talmasani with his open mind and his understanding of the spirit of Islam with a modern mentality. Al-Talmasani has been replaced by another

figure who does not enjoy al-Talmasani's enlightened and open mentality. This is the first point. The second point is that their number in the alliance they had with us did not exceed six representatives. This number has now increased and will enable them to have a much greater influence than in the past. This is why their faction has overwhelmed the personalities of the other parties allied with them and why they have become the controlling party. This was out of the question with al-Wafd Party, which contained them and which led. But with my respect for Ibrahim Shukri in particular, we find the opposite in this alliance. Both the Labor Party and the Liberal Party submit to their guest. We, as al-Wafd, were eager to preserve our principles, our identity, and our personality, which cannot be dissolved.

[Question] This does not absolve you of guilt because you were the first to give the Muslim Brotherhood the opportunity of parliamentary representation through its alliance with you or your alliance with it and your embracing it even though it is a party banned by law.

[Answer] I will leave the answer to the historians who come after me because they will seek the roots of the problems and analyze them in a better and more reliable manner.

[Question] The outcome of the latest elections demonstrates that the Brotherhood's third generation is reaping the fruits of what Hasan al-Banna planted.

[Answer] Yes, after 60 years, the fruits have ripened. What they dreamed of in the days of Hasan al-Banna, the religious advocate who turned into a political advocate, has been achieved for them. Hasan al-Banna tried to gain parliamentary representation in 1942 and 1946 but failed. Now, a window has been opened for them and they have rushed in pursuit of their dream--the religious state. What happened in the latest elections is the first drop of the deluge.

[Question] This is why I say that you must be inevitably feeling guilty because you were the first to open this window for them.

[Answer] We did not feel guilty because we were in control of the situation and we never lost that control. We supervised and contained the few Brotherhood members who were with us. But the situation is different today. Under the new alliance, the Brotherhood is rolling up its sleeves to apply the Shari'ah so as to crystallize at the first possible opportunity its dream of taking power and setting up a religious state, which is its dream. The Islamic alliance is really nothing but a political alliance exploiting religion to gain its end, namely power, with total disregard for the fact that a hasty application of the Shari'ah is incompatible with deliberation and gradualism, both of which are essential in order that we may not create needless problems.

[Question] Are you thus saying that increased pressure for a hasty application of the Islamic Shari'ah is sure to create a degree of sensitivity in a country with a Christian minority and as much sensitivity among the more secular Muslims?

[Answer] This will be one of the problems created. Another problem raised will be the problem of a Christian minority, which has its weight. This minority is counted in the millions and it is a native, not alien, minority. The Christians' rights in this country are not less, if not more, than the others' rights, especially since the constitution views all as equal. Immediate implementation of the Shari'ah may intensify the jingoism which some people call sectarian sedition.

As for secularism and for the particular charge accusing me of secularism, I wish to remind those who spread the accusation of what we, as al-Wafd, resolved on 18 March 1984 when we issued a declaration stating that we reject secularism in the sense of separating state and church, as happened in Turkey in Kemal Ataturk's days, and reject a theocratic state in which clergymen control the government, as is now happening in Iran.

We are not secularists and we are not theocrats. We seek a civilian state ruled by a civilian government.

[Question] Now that the elections have ended, how do you view the current assembly's makeup? Which is the current that is truly dominating the assembly and that will bring about dramatic change, especially since the opposition has grown in size?

[Answer] There is no doubt that the predominant current will continue to be the National Democratic Party, which enjoys control with an overwhelming majority and which has allowed the opposition some space that is now occupied by the unholy alliance, meaning the alliance between the Brotherhood, labor, and the Liberals. The allegation that they are an Islamic alliance is false because they are in fact a political alliance which has sought to overcome the 8 percent obstacle in order to reach the People's Assembly. This is the fundamental objective. We must not mislead people with the slogans we raise for a while. We are not the infidel of Quraysh. Therefore, their exclusive use of the name "Islamic alliance" means that the others are hostile to Islam. This is not true. The state is Islamic and Islam is a main source of legislation. The religious state has ended, even in Christendom. A return to this state is a return to the pre-Islamic era and to the Middle Ages.

These people exploit religion for their own interests. They must not accuse others of infidelity because such an accusation is infidelity. Moreover, the restrictions issue is another thing that concerns people because religion is tantamount fundamentally to dealing with others with compassion, solidarity, tolerance, and unity.

[Question] This means that the Brotherhood has been planning to reap the fruits of its dream?

[Answer] Yes, this is what I have said and what I believe in. The Brotherhood has been trying for 60 years to gain access to the parliamentary assemblies and to impose its control. This is what parties ordinarily do. But the

Brotherhood has gone further, exploiting the other parties as a tool and using them as a mount, with understanding from the authorities concerned. We said from the outset that religion should not enter into the election campaign. The Brotherhood's idea altogether is nothing more than circumvention of the parties law, which is opposed to the creation of ideological parties. This requires us not to permit the Brotherhood to enter through the window if it cannot enter through the door. The law must be observed, or else chaos will prevail.

[Question] This does not absolve you of sharing the responsibility for the charge which you are now making against others about giving the Brotherhood the opportunity to enter through the window.

[Answer] Let us assume that we made a mistake. But we made our mistake while keeping the Brotherhood under our control. The Brotherhood was a minority and we were leading. But the situation is completely different with the parties that have allowed the Brotherhood to ally itself with them this time. These parties have completely lost control and they are the ones who follow and are led. The Brotherhood holds the rudder now. What a vast difference between the two pictures and the two positions! Generally, we are not opposed to the Brotherhood. All we hope for is that they will not act as fanatic and radical groups and will not demand the impossible of the government. They must understand the reality and must not rush matters. They must not hastily demand the abolition of capital investment and of banks because such an economic coup is undesirable now. They must not rush to demand application of the Islamic Shari'ah without the required deliberation and gradualism.

[Question] The Brotherhood's presence in the People's Assembly is sure to act as an outlet for the religious current's views through a legitimate channel and in a manner that leads to containing the extreme radicals and the advocates of religious movements outside the assembly.

[Answer] I respect and understand this viewpoint. It is in the interest of all to act legitimately. Open action gives the Brotherhood the opportunity to express itself and to explain its views constitutionally.

But generally, we are conducting an experiment. Will this experiment succeed or not, especially since we have had numerous experiments including, for example, the parties experiment which al-Sadat launched one day and then turned quickly to criticize it and call it excessive and to think of dissolving it?

[Question] But how do you view the current opposition in the new People's Assembly? Will it offer alternatives to the government's policies or will it be tantamount to no more than factions concerned mainly with competing with each other?

[Answer] There is no harm in competition. Let them compete so that they may not explode. The presence of opposition strengthens democracy. The stronger the opposition the better, provided that the opposition is within

the bounds of legitimacy and the law. This is why we beg the current opposition to adhere to the rules of the game, not to violate legitimacy and not to demand the impossible.

The opposition may now be stronger than it was previously. But this strength must not be exercised at the expense of stability or of the other parties.

[Question] The other parties include al-Wafd. What will al-Wafd's performance be?

[Answer] Al-Wafd has a real interest in this country's stability. We are a moderate rightist party which represents the middle class. This class is not a radical leftist or rightist class. Regrettably, the government has failed to take advantage of this element. It is true that we have been involved in excesses but it is not in democracy's interest to destroy this party, to fight its capabilities in the partisan arena, and to empty it of weighty Wafdist capabilities. This will never serve democracy.

[Question] Concerns and fears continue to be expressed on the statements that the Islamic alliance may hasten to demand insistently two fundamental things: immediate implementation of the Islamic Shari'ah and abolition of the peace treaty with Israel.

[Answer] Abolishing the peace treaty with Israel would be a grave mistake which Egypt, as its stability demands, will not be able to endure. Abolishing the treaty will harm relations with Israel and with the United States, Israel's primary protector. This is likely to create needless difficulties for us. Moreover, it will cause Israel to antagonize us and to provoke us into another war which we cannot withstand, especially since we are in the direst need of stability now.

This is for the treaty. As for the immediate application of the Shari'ah, this is another danger. What is important is that it is feared that those who will apply the Shari'ah will use it as a pretext to spread their poisons and exercise their whims. This is exactly what the Sudanese experiment, embodied in the September 1983 laws, produced. It was a harmful experiment through which Numayri made people hate Islam, keeping in mind that the first thing Numayri applied was the restrictions, thus ignoring the fact that Islam is not just restrictions. What happened in Sudan was the result of haste and of failure to take the circumstances into consideration. Each country's circumstances must be taken into consideration. Politics is the art of taking the possible into consideration, not applying the impossible.

[Question] Generally, and regardless of the characteristics of the opposition faction in the current parliament, what image do you view as an image necessary for the opposition so that this opposition may not reflect pitfalls, may not spread and hurl unjust accusations here and there, and may not repress counter opinion?

[Answer] When speaking of the opposition, I believe that this opposition must be eager for opinion and counter opinion. Besides, the opposition is not in a position to repress the others' opinions. The opposition effort must move in the direction of bolstering, not striking or diminishing, democracy so that all may enjoy democracy. Therefore, I, as an opposition voice, continue to urge alteration of the current election law, namely the election by lists. My demand is supported by the outcome of the last elections which I view as exaggerated and in contrast with the nature of things. This is why I continue to demand and to urge the government to amend the current law. I will continue to defend this cause until the government responds to the demand for change.

[Question] Your anger at the current election law and your fear for democracy surfaced clearly at the outset of the interview and at the peak of the emotion generated by the outcome of the elections.

[Answer] The parliamentary and partisan game is permissible in all countries. As a member of the opposition, it is my right to say that this law is unsuitable. Laws do, of course, differ from country to country. From 1866, when we experienced parliamentary life for the first time, until 1980, we moved in accordance with an election law to which the country became accustomed and which was compatible with our special circumstances--a law under which the voter knew or at least had heard of the person he was electing. We in Egypt have our special circumstances and we cannot embrace what countries such as France, Britain, or West Germany adopt because comparison is very difficult and because each has his own circumstances. But what is inevitable is that there can be no backsliding on or retreat from democracy. President Mubarak has personally underlined this point repeatedly. This point is not subject to discussion or debate. As for the particulars that fall within the issue, they may differ, depending on the country dealing with democracy and on the circumstances of each country.

[Question] In recent months and prior to the latest election round, you said that there was understanding between the government and the opposition and that you, as moderates, were trying to eliminate this misunderstanding. Are you still, despite your current anger, undertaking the same mission?

[Answer] I wish the government to understand us as we truly are. We want stability for Egypt because instability is sure to destroy all of us. We seek Egypt's security and stability and we want Egypt to solve its problems. This resolution demands solidarity and unity.

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FOUNDER OF NEW PARTY DESCRIBES AIMS, POLICIES

Cairo UKTUBAR in Arabic 24 May 87 pp 21-23

[Interview with Sami Mubarak, Head of Republican Party, by Mahmud Fawzi:
"There Are No Brothers in Politics; President Mubarak Has Not Been Angry at
My Forming the Party"]

[Text] It is expected that the birth of a new party which is in the process
of being established will be officially announced in a few weeks, after it
has fulfilled all the procedures for its formation.

The chairman: Eng Sami Mubarak.

The question: Why? What is its program? What distinguishes it from the other
parties?

As the chairman of the party is the brother of President Husni Mubarak, has
Eng Sami Mubarak informed his older brother about his party's program? What
has the president told him? What are the motives behind the establishment of
this party? Isn't Sami Mubarak afraid that his party will resemble the al-
Ummah Party, which might have no mission aside from getting its chairman to
sit down with the heads of the other parties on official occasions?

[Question] Eng Sami Mubarak, what are the motives behind the establishment
of the new Republican Party? Do you consider that political activity in Eg-
ypt needs a new party?

[Answer] I consider frankly that our economy is on an unsound road relative
to the advanced countries. What I always believe, in spite of some people's
objection to a comparison between Egypt and the advanced countries, my view
nonetheless is that we must compare ourselves to the advanced countries, not
the backward countries of the third world, so that we can catch up to the
cavalcade of development and progress. I am not exaggerating if I say that
Egypt has the greatest scientists and thinkers, and I always wonder to my-
self: how can we have all these scientist geniuses in the form of doctors,
economists and men of industry and yet not know the easy way to save the
country from the crushing economic crisis we are passing through? The cause
of this crisis can be summarized in a single sentence, which is, We have
lived through long theoretical experience and lack practical experience.

Germany, after World War Two, had absolutely nothing and nonetheless it still made a beginning, without obstacles and bureaucracy, and the result is clear in front of us. It now is in the forefront of the countries of the world. This is what we miss in Egypt, the application of science to work, and therefore when I returned to Egypt after a long period I spent abroad I raised an objection to the expression "self-sufficiency in food" because in my view it represents a neo-colonialist road, which is economic colonialism; it tells you, "Eat and drink and we will bring you industry." This self-sufficiency in food has not led us and will not lead us toward economic and industrial progress in Egypt.

[Question] What is the most important thing that distinguishes the new party from the others that are to be found on the political stage in Egypt?

[Answer] The other parties have not yet arrived at a system of practical experience as far as most of the slogans and theories in books are concerned, and if these had been applied not only Egypt but the whole world would be prosperous and peaceful. However, our Republican Party is a "practical," executive party in the first place.

[Question] What is the new party's slogan and what are its objectives?

[Answer] Its slogan is "freedom, democracy, production." Its goals are, first of all, the reconstruction of Egyptians on a firm, moral basis, believing in spiritual values arising from the divine religion and confident in themselves, their nation and their right to a life of dignity in deepening their adherence to their country and homeland.

Second, the reconstruction of Egyptian society whereby the family will be the unit of society which we must protect from everything that threatens its cohesiveness or sacrifices it to people's rancors and discrimination.

Third, the creation of a society working with the utmost seriousness on scientific bases to unleash people's intellectual abilities and personal properties, so that Egypt will become a strong, potent country.

Fourth, a start on the formation of productive cells, in industry or agriculture, so that these cells will become the true nucleus of a productive society which in its turn will become the actual, scientific route to a productive nation which will not depend on others.

[Question] Doesn't it seem that these are theoretical goals?

[Answer] It might seem so, but they are not theoretical because they are attainable, and the road to that is:

First, guarantee the citizens freedom, since that it is among their genuine rights which may not be infringed. Therefore the party will call for the abrogation of every manifestation which in effect makes freedom a gift of the regime, which it wants either to grant or prohibit or restrict.

Second, bring about total democracy, on grounds that it is the most exemplary method of government.

[Question] What is the Republican Party's program?

[Answer] The fact is that the party's program is very long, but it is possible to shed light on its most distinguishing features. The party sets out a detailed program on the means for realizing its goal and this is broken down into two sections, first, foreign policy, and second, domestic policy. With respect to the former, the party considers that the foreign policy of Egypt, by virtue of its unique position, its long history and its future concerns connected to the interests of its people, must take form in accordance with spheres of interest the gist of which is that Egypt is an Islamic, Arab African country.

The Republican Party also considers that Egypt's policy should be founded on balance between its interests on the one hand and equilibrium in its relations with the two great powers on the other, and that that is affirmed by keeping words the equal of deeds, having Egypt gain the world's respect and having any talk of it's in reality being subject to one power to the exclusion of another kept away from it. The practical embodiment of this is the refusal to permit the following:

First, the grant of any facilities to any country, no matter what these military, economic or other facilities might be.

Second, the establishment of military bases under any title for any foreign country.

Third, the quest for assistance from any military experts except on the level of the central command, on condition that the military experts not wear any military uniform and that that be for a specific period and for specific tasks bearing on education.

Fourth, authorization to foreign fleets to enter Egypt's territorial waters except for specific periods and for tasks connected to Egypt's national security or transit only.

Excluded from this are all Arab countries connected to the Arab mutual defense treaty.

[Question] This is with respect to foreign policy. What about domestic policy?

[Answer] The party sets out its program, which legitimate means will advocate through legitimate channels, on the following bases:

First, with respect to freedom:

First, the abrogation of all laws which were issued to restrict the freedom of individuals to express their views, as long as those views are not contrary to public order and morality. That includes the right to strike and hold meetings without seeking the permission of the administrative entity, the right to issue papers and the grant of freedom to the press without restrictions or censors.

Second, the elimination of the state of emergency, whose continuation is no longer justified by requirements, along with the abrogation of what has been called the emergency law.

Third, the elimination of the articles of the constitution which grant the president the right to issue decrees on laws in the absence of parliament through the pretext of the state of urgency the constitution stipulates or the argument that that expression is flexible and pliable and there are no specific clear definitions, for example, the state of urgency. It is well known by law that the articles of the law permitting exceptional states must be rigid, clear and narrow in a manner that leaves no room for their use as justifications for making rules out of exceptions.

Fourth, the elimination of rules which have been given the label of laws of ill repute, including the laws establishing the state security courts, since the latter law does not go beyond a codification of the statute of military courts which were established in the context of martial law.

Fifth, the elimination of the articles of the constitution and laws bearing on the socialist public prosecutor and the courts of ethics, since these laws are no more than a violation of the judiciary authority, the entity which has sole genuine jurisdiction regarding investigation and trial with respect to the crimes the penal code stipulates. The law on the socialist public prosecutor, without clear and specific laws, holds acts to be crimes which the penal code, the party with the genuine, sole right regarding the finding of crimes and felonies, does not cover, and it makes the freedoms of individuals contingent on reports originating with the administration, which is not permitted by law.

With respect to democracy:

First of all, the form of government: it will be parliamentary and republican and the president and vice president will be directly elected by the people without the intervention of other powers.

Second, parliament: first of all, it will be composed of two assemblies, the first for deputies and the second for senators. Thus the Consultative Assembly will be transformed into a parliamentary assembly with full legislative powers, provided that a third of its members be chosen by appointment, in accordance with the cabinet's request.

Second [sic]: the abrogation of all provisions permitting people other than ministers simultaneously to work in the executive authority and belong to one of the two parliamentary assemblies, so that matters may be set right, the principle of the separation of powers may be realized and the members of the parliamentary assembly may become true overseers of the activities of the executive power.

Third, the cabinet: its head will be chosen from the party which obtains the majority in the parliamentary assembly elections, and the prime minister will have the right to choose his assistants, who will all be collectively answerable to the parliamentary assembly.

Fourth, the judiciary authority:

The judges will be independent and may not be dismissed, transferred or disciplined. Judiciary immunity will extend to all members of the judiciary bodies in the council of state, the ordinary judiciary and the offices of the administrative public prosecutor and government cases investigation, and everyone must be tried before his normal judge.

[Question] Why has the new party been named "republican?" Is that in reference to the public or in connection with the republic?

[Answer] The Republican Party is in reference to the people, for whose sake we will work, with the permission of God almighty.

[Question] Eng Sami Mubarak, do you deny that part of your popularity is derived from the figure of President Husni Mubarak, or is yours an independent personality?

[Answer] My personality is independent and when I returned to Cairo during President Anwar al-Sadat's term I found that the expression "the president's brother" was one that was not accepted by the people. It had a history. It was a word that meant dictatorship and exploitation among the people. This does not exist in Europe at all. The brother of a president in a European country cannot give orders and be obeyed.

While it is said that my former predecessors in the way of brothers of presidents are at fault, the fault is not theirs, but rather is that of the people who gave them the opportunity to be exploitative. Everyone is equal before the law. It is not my fault that I found myself the brother of the president directly after that, but I watch over my conscience before God and the nation.

[Question] What are the various elements of agreement and disagreement between Eng Sami Mubarak, the chairman of the Republican Party, and President Husni Mubarak, the chairman of the National Party?

[Answer] I would not allow anyone to think that I differ with my big brother Husni Mubarak -- no, and disputes have not occurred, and will not occur, between me and my brother Husni. There is no estate, land or house between us which we might dispute over, and if anything that we might disagree over does exist, my relations with him are extremely good.

[Question] Why then don't you go into the National Party in order to support your brother?

[Answer] Each of us has his political ideas which he believes in and tries to realize in accordance with this premise.

[Question] Have you informed President Husni Mubarak of the new party's program, since he is your older brother?

[Answer] There are no brothers in politics. Rather, I presented the program to him out of respect for an older brother, and I would like to say that

President Husni Mubarak did not get angry at my forming the party. He does not interfere at all, but always leaves me absolute freedom. We, my Mubarak brother and I, grew up in democracy. We are proud that we are poor people and do not have land or estates to rely on, but have relied on ourselves, with our education. Ours have been independent personalities. We have been practical, we like holy struggle, we want the good for the people and we love democracy.

[Question] Have your sons Samir and Walid joined their father's party or the party of their uncle, President Husni Mubarak?

[Answer] The older one is on my side and the younger one is on the side of his older uncle. That is equilibrium, even in politics!

[Question] It has been noted, with respect to the names of the founders of the Republican Party, that they have not had prior political roles or political influence at present. What political "influence" will the party rely on, then?

[Answer] You can say that the founders do not have real political influence or a political history, and that is my philosophy, that they should be "raw" so that they can accept the notions of the new party and its name. If they have had a prior political history, they of necessity will be influenced by the old philosophies of the parties they belonged to.

[Question] What is the value of a party "without deputies" at this point? Do you hope to attract deputies from the current People's Assembly to your party?

[Answer] Certainly, we will generate nuclei for this party. There is a preparatory stage and after that we will enter the coming elections. With respect to the current People's Assembly deputies, they include people who will go into the Republican Party. These are figures in whom and in whose philosophy, which is in agreement with the philosophy of the party and its ideas regarding production, industrialization and progress, I have confidence, and I will not keep it a secret from you that consultations are underway now to take in some deputies from the current People's Assembly and I will declare their names soon, after consultation.

[Question] Eng Sami Mubarak, what is your evaluation of the party experiment in Egypt, and why didn't you enter the previous elections as an independent?

[Answer] I did not enter the previous elections as an independent because I wanted to form a party which would carry my ideas, which I would like to put into practice in our society, and because I consider that most parties are now going after their own interests and not the interests of the Egyptian people.

[Question] The cable you sent to Fu'ad Siraj-al-Din following your assumption of membership in the Wafd Party, in which you said, "For the first time I am smelling the breeze of stability, confidence, safety and the future," is still clear in people's minds. Why did you then leave the Wafd and form

an independent party? Didn't you consider that your political ambitions had been realized after you had joined the Wafd?

[Answer] Yes, I did not meet these ambitions in the Wafd. When I returned to Egypt I sensed the democracy and freedom which Husni Mubarak had established, but I was surprised to find that the Wafd of the present was not the Wafd of the past. It has now come to be based on personal interests and no longer has the ideas which can bring about progress. The Wafd now has become a party totally without substance. I withdrew from the Wafd because I did not find that it encompassed the people's interests.

[Question] As chairman of the seventh party in Egypt, what is your opinion on the solution to the economic problem?

[Answer] You are the first person to have made me note that it is the seventh party. In general, I consider the number seven a good omen because it is the number of the days of the week and this was mentioned in the holy Koran. As for the solution to the economic problem, in my view, in order to emerge from the economic crisis, which is embodied in tremendous foreign debts with interest which is almost greater than the principal on these debts, in addition to the inflation, stagflation, balance of payments deficit, trade deficit and disruption in economic structures, so that the government's income is thus not in keeping with the constantly increasing population -- the real avenue to solving this problem is production and exports, combined, with the optimum use, before it is too late, of the money of Egyptians abroad, which exceeds 150 billion, in a sound framework, free of vindictiveness, so that it can be invested in Egypt in successful projects.

This is what prompted the Republican Party to think of a scientific, practical method for setting out a plan which could be summarized by giving the private sector freedom without limits and without surveillance on the part of the government. The party considers that in order to promote production and therefore stimulate the economy scope should be provided to both the public and private sectors and the fittest should survive.

[Question] What is your view of the Arab-Israeli struggle?

[Answer] First of all, with respect to Camp David, that is a treaty between two countries, one of which is Egypt, the country of civilization, and Egypt absolutely cannot violate international treaties, no matter what might be the circumstances with the Arab countries, which must understand this situation. We do not need military conflicts and we are not prepared to carry out any activity but production, anything but production at the present time. As President Mubarak said, "Eliminating Camp David means war. Let whoever wants to go fight fight, but without the Egyptian people."

[Question] Eng Sami Mubarak, more than 15 years as an expatriate who flew away from Egypt, why the return, specifically, in the period of the eighties?

[Answer] I came back for my children's sake; I came back before they could forget their country and so that they could say, "We are Egyptians, not

Germans." I came back out of nostalgia for the nation, which is equal to all the money in the world. The money of the world and the success any Egyptian can achieve shrinks before nostalgia for the nation.

[Question] I have heard that on your return you brought many ideas for projects to be carried out in Egypt but you met with obstacles because of which you could not realize your hopes. Wasn't any official polite toward you?

[Answer] The word "obstacles" or "obstructions" is trivial and does not satisfy the requirements. I can tell you that it was much more than that!

I wanted to establish a small industrial installation and supply electronic components. I found myself facing very many difficulties, much paperwork and an unparalleled bureaucracy although a bank can deposit for example the half million pounds an investor might have at the time and get 18 percent, that is, 90,000 pounds a year, and what industry is it that cannot at the beginning give you this sum? We have laws that are above the laws, and unfortunately we do not have industrial planning or the system of industrial areas allocated to industrialization, which will be given land first of all as well as electricity at token prices. It is necessary to review industrial planning and eliminate the Investment Authority because it is one of the real obstacles to Egyptian industry.

[Question] In your capacity as a businessman, primarily, what is your evaluation of Egyptian industry? Isn't it still incapable of meeting our needs!

[Answer] I do not consider that we have an industry. That is, if we have an industry or I manufacture any machine I can be the equal of any international manufacture with it, but unfortunately the industry we have is for local consumption and it just barely survives. Development of an industrial culture among children and young people is necessary first, and second attention to industrial education is necessary, because the people who graduate from these schools are of absolutely no use in practical life.

This goes back to the economic boycott. America gives American loans and stipulates that any industrial project that is established is to be studied first of all in America. This means that every industrial project must be fought by it and stopped, except for projects which do not progress or regress like Coca Cola, refrigerators, food canning and motor or transformer assembly. However, if we are to get into true heavy industry -- that they will not allow, so that you will need them. This is at a time when Egypt has a large number of scholars and specialists in all areas, at the highest levels. To resist this it is necessary to stop exporting alumina and to process it in Egypt and for three quarters of the cotton to be processed before its exportation so that hard currency can come in.

[Question] Eng Sami Mubarak, without embarrassment, aren't you afraid that your party's activity will end where the al-Ummah Party did and your sole task will be to sit down on national occasions alongside the heads of the other parties and to have a newspaper which no one reads?

[Answer] I am not worried about coming to that. I get thousands of telephone calls from all areas of the republic every day on behalf of membership in

the Republican Party and if, God not permit, it happens that I do not succeed with the party, that will mean that the people do not want the party. In that case, I will dissolve the party immediately.

[Question] Do you aspire one day to sit in the prime minister's seat, if your party gets a majority?

[Answer] A person who does not think about that is inattentive. Otherwise, how and why is a party being established? But of course that is a great responsibility.

[Question] What are your plans for spreading about the ideas and principles of the new party? Will you establish a new party newspaper?

[Answer] God willing, we will establish a new paper soon, and we will issue party publications in order to present its principles, goals, programs and aspirations.

Who Is He?

Ahmad Sami Mubarak.

Chairman of the Republican Party, being established.

Born in Quwaysina on 14 September 1932.

Obtained a guidance certificate from Cairo.

Traveled to West Germany in 1957 with only 50 pounds in his pocket. He worked 18 hours a day at the outset and obtained a bachelor's degree in mechanical engineering from Hanover University in West Germany in 1964, then returned to the nation in 1979.

Married and has two sons, Walid, 21, in the American University, and Samir, 14, in the German school.

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VARIOUS SECURITY EXPERTS DESCRIBE ILLICIT ARMS TRADE

Cairo UKTUBAR in Arabic 31 May 87 pp 21-23

[Article by Hasan Za'fan: "A Tour of the Egyptian Arms Market: Arms and Violence Are Two Sides of the Same Coin!"]

[Text] A few weeks ago shots were fired at Mr Hasan Abu Basha, former minister of the interior and local government, treacherous shots at the man and everyone who happened to be in his way, children and old men. Some years ago Shaykh al-Dhahabi was assassinated, and from time to time we would hear about a struggle between two families in which automatic rifles and machine guns were used. Crimes of vengeance are still occurring in the final third of the 20th century, with all kinds of weapons and all kinds of bullets, even those prohibited internationally. The question is, where are all these weapons from? How did they infiltrate into terrorist hands? How can one eliminate the secret arms market in Egypt and strike with an iron hand at everyone who bears arms in an unlawful manner to kill, destroy and terrorize peaceful persons? There are many questions, and this is an attempt to come up with the answers to them.

Maj Gen Nabil 'Uthman, deputy chief of the General Security Department, said:

"There is nothing which one could describe as a tendency toward a proliferation of weapons without permits, especially those weapons that are automatic. Rather, there are some incidents during which weapons are seized for which there are no permits. These incidents do not make up a high percentage which might prompt us to feel that there has been a tendency toward transactions in weapons for which there are no permits. As to the matter of defining or determining the probability that there are a specific number of weapons in the possession of some individuals or some groups which are not permitted to bear these arms, that cannot be accurately computed. In spite of this, evidence indicates that they are few and do not go beyond individual incidents. Moreover, there are places where there are numerous arms for which permits do not exist. These places differ from area to area."

Here -- Arms Wholesale!

He went on, "In terms of actual practice, it has been found that there are areas where there are numerous arms for which permits do not exist, for

specific reasons. These areas include the Governorates of Asyut and Qina, with respect to Upper Egypt, and in addition some centers in the governorates of Lower Egypt, especially the center of Kawm Hamadah, for various reasons as well, among them the nature of these geographic areas, the dispersion of numerous villages and hamlets which generally are nestled in hills, and also the deployment of extensive farmland, where transporting arms and hiding them among the crops are an easy process, in addition to the presence of desert areas hilly in nature adjacent to these villages with scattered pockets which constitute a natural obstacle to the police apparatus and arms seizure campaigns. In addition to that, there is the widespread number of feuds, especially in the Governorate of Qina, where for a long time there has been more than one major feud between the Arab and Hawari tribes."

Constant, Concentrated Campaigns

He asserted, "The campaigns of searches for weapons for which permits do not exist are constant and concentrated and are aimed at seizing and bringing in the greatest possible quantity of weapons lacking permits, since large quantities of weapons that have no permits have been seized, especially in the area of Upper Egypt. These campaigns have manifested great success which has resulted in the reduction of the scope of the process of the dispersion of weapons in the villages of Upper Egypt. Proof of that is the rise in the prices of these weapons now, now that their number among people who are anxious to possess them has declined. With the law of supply and demand, the seizure and inspection campaigns have resulted in the seizure of a substantial number of weapons, and consequently their presence has declined, their prices have risen and weapons now are not accessible to many people, especially now that the price of some types has reached fantastic figures. For example, the price of an automatic rifle now, and also machine guns, is about 4,000 pounds. This of course is a result of the scant supply of these in the arms market because of the intensification of the seizure campaigns. In addition, the process of dealing illegally in weapons has become extremely difficult as a result of investigation and examination at most entrances and exits to cities, which has prompted merchants now not to deal in arms on a broad scale, especially when we realize that most of these merchants are well known to the police and are constantly being observed, so that they will not again resume pursuing their illicit commerce."

Where Did They Get This from?

Concerning the sources of financing for this type of weapon, Maj Gen Ahmad Kuhiyah said, "The sources of financing are not new. They are:

"First of all, the result of the leftovers from the many wars which Egypt has gone through.

"Secondly, smuggling operations, which are very minor, almost nonexistent.

"Third, local industry, which depends on the manufacture of weapons in primitive ways, by hand, in private shops, although they have produced only one well known thing, which is the individual hand gun.

"In general, none of these represent a serious phenomenon or risk to security, for a number of reasons, among them:

"We in Egypt are a people who are not disposed toward violence and the use of weapons, with the exception of vendetta incidents. Moreover, armed violence in Egypt does not amount to more than individual incidents which cancel out the motive of provoking and influencing public security, and the presence of weapons in the possession of some individuals who might have inherited them, or which are in their possession but do not constitute a threat because these people do not intend to use them. The presence of these weapons might perhaps go back to the days of the English occupation of Egypt, when the inhabitants obtained weapons from the camps of the English, perhaps for the pursuit of resistance against the occupation or for their personal retention. There now are large numbers of Lee Enfield type rifles in the possession of some families, but these do not constitute a threat to security because as I have said these people inherited them a long time ago and do not intend to use them. In addition, seizure campaigns for the seizure and collection of these weapons are continuing."

The Ammunition -- Where from?

He added, "The process of obtaining ammunition has become very difficult, especially with respect to some types of such arms. The lack of ammunition reduces the danger of the weapon and also reduces the opportunities for using it, if a person wants to use it, especially when we realize that the prices of some types of shells have come to more than a pound apiece. This applies to some types of arms such as the Lee Enfield 303, the German 7.92-caliber and some small-bore weapons such as the short 9-millimeter or 8.5 millimeter, and there are weapons for which there is almost no ammunition at all including some old machine guns and some types of pistols which are calibrated in fractions of an inch, and also some very new pistols since they have come in as a result of smuggling, ammunition of their caliber does not exist and consequently they cancel out their own threat. In general, what having weapons but no access to ammunition means is that they do not constitute a threat at all."

To Whom Are Arms Permits Granted?

He said, "With respect to the process of granting permits to carry and own arms, there must be adequate justifications for possession."

"These justifications differ in their specifics and also differ in terms of the adoption of reasons for granting permits. There are persons who have property and work in the area of trade, and they are worried about their property. We give such people the right to obtain permits to carry and own weapons. In general, the presence of arms in the possession of some citizens whose jobs require that such weapons be present on their person is considered a contribution to the maintenance of security, because people bearing weapons for which permits have been granted are in reality required to defend themselves and others as well, whenever they are able to."

People Prohibited from Bearing Arms

He said, "There are individuals who are prohibited from bearing arms, including, for example, people who have suffered from mental diseases or

previously gone to mental clinics, as well as individuals who have previously been indicted regarding incidents of theft or crimes of murder, some individuals registered as threats to security, against whom felony convictions have been issued, people involved in feuds whose use of weapons is an object of fear, and finally individuals who do not have adequate justifications to bear and use weapons. These people are not given permits to use or bear arms."

The Legitimate Dealers Say

Now that we have learned about illicit weapons, the possession of which or dealings in which the law does not allow, what about the people dealing in arms in legitimate ways?

Naji 'Abbas, owner of an arms sales shop, said that the process of selling weapons in these shops takes place by means of valid permits from the Ministry of the Interior, so that no citizen is in any way permitted to buy any firearms without obtaining a permit to do so. This permit consists of a purchase permit issued by the Ministry of the Interior on which the type of weapon to be bought is stated, without restriction as to caliber, according to the wishes of the person granted the permit. Aside from that, it is not permitted to sell or deal in any weapon within the shop.

The merchant Muhammad Fakhri Husayn, owner of an arms sales shop in Giza, said "In reality, the process of granting permits to bear arms now has become very scanty, to the point where we now have such a recession in arms sales that I sell not more than one or two weapons a year, which is to be considered very little when we realize that the profit from every weapon does not exceed 20 pounds. I wonder why there is an intensive investigation into the process of granting arms permits, especially since arms which have been granted permits do not constitute a threat to security but to the opposite help preserve the security, especially when we realize that there is not a single political case in which arms for which permits had been granted were used, because the owners of arms with permits first of all are well known to the police and registered with them, along with the number and characteristics of the weapon, and the security authorities have a right to remove this weapon at any time as well."

What Is the View of the Law?

The lawyer Husayn Abu Salib said, "According to Stipulation One of Law 394 for 1954 regarding arms and ammunition, people who have not been granted permits by the minister of the interior or anyone acting in his place are prohibited from owning, acquiring or bearing the firearms cited in Table Two, which are fireworks with internally burnished barrels, and Table Three, which are pistols of all kinds and rifled guns of any kind. It is not permitted to grant permits or bear and possess the weapons cited in the second part of Table Three, which are machine guns and cannons, and it is not permitted to own or use any type of suppressant and silencer and telescopes mounted on firearms."

The Penalties Are Light -- Why?

He added that in accordance with Article 26 of the same law, anyone, by himself or through intermediaries, who owns or obtains the arms stipulated in Table Two, which are unrifled firearms with burnished barrels, without a permit, will be punished by imprisonment or a fine of no more than 500 pounds and anyone who owns or obtains the firearms stipulated in the first part of Table Three, which are pistols of all kinds, rifled guns of any kind as well as machine guns and machines of all kinds, without a permit, will be punished by temporary hard labor, and he will be punished by hard labor for life if he commits one of the crimes stipulated in the law. Moreover, anyone who has been convicted of a felony or sentenced to imprisonment for a period of no less than a year for a crime of assault against people or property if a weapon is seized in his possession, anyone against whom more than two convictions have been issued for one of these crimes if they have occurred in a single year, and anyone who has obtained weapons and had been sentenced to a punishment restricting freedom regarding a crime of explosives, narcotics trafficking, theft, initiation of it or the concealment of stolen objects will be punished by temporary or life imprisonment.

An Inadequacy in the Provisions of the Law

He added, "The incidents and crimes which have occurred in the country have revealed an inadequacy in the provisions of this legislation in putting a limit to a serious state of anxiety which has seized the country, since modern firearms, some of which are rapid-firing, are now accessible to people manipulating public security and order, and groups which have adopted weapons as a means for creating a climate of terror to help them realize their illegal objectives have taken concrete form in the shadows. Because of this, we advocate amending this law."

The Connection between Violence and Arms

Dr Hamid Zahran, professor of psychiatry, said, "An aggressive personality or violent personality is labelled a psychopathic personality -- a personality which is psychologically ill because violence and aggressive conduct is abnormal and loathesome conduct which is dealt with as a felony by law. The forms of violence are numerous, including:

"1. Verbal assault which is restricted to revilement, oaths, derision and epithets.

"2. Use of the hands.

"3. Use of weapons to varying degrees, from sticks to hand weapons to firearms and also the use of chemicals or explosives."

He added, "The extremist personality is always prone to the use of violence, whether to excess or in limits, and proceeds gradually in terms of the expansion of the scope of violence. There is individual violence, there is collective violence, whether that is a gang or a group, and there also is factional violence, in addition to international violence."

Lack of Security Is the Cause of Violence

He said, "The lack of a feeling of security makes people sense deprivation and try to create security for themselves, and it makes them suffer anxiety, which is a nervous ailment. They might feel depression, delusions and thoughts of dominance, and start to prepare themselves for a defense. The lack of a feeling of security in a person could result in his being afflicted with the disease of self-contempt or paranoia and the insanity of persecution, and the individual will feel that he is oppressed and be suspicious of the people closest to him, even his wife."

Granted License To Bear Arms, by virtue of Their Occupations

The lawyer Hasan Abu Salib said that there are people who are permitted to bear arms, by virtue of their work or occupations and positions, since all the following are exempted from obtaining the arms permits stipulated in Paragraph One of Article One by law:

1. Present and former ministers.
2. Active government employees appointed by republican orders or decrees or Grade One employees, as well as active officers.
3. Former civilian and military government employees at the director general grade or the rank of major general and above.
4. Egyptian and foreign members of the diplomatic and consular corps, on condition of reciprocity.
5. Intelligence employees who occupy the intelligence positions stipulated in Article Nine, Paragraph One of Law 323 for 1955.
6. Members of the People's and Consultative Assembly.

It Is Not a Tendency and the Statistics Offer Proof

Maj Gen Ahmad Kuhiyah, security director of Giza, said that the process of the spread of weapons without permits, especially automatic weapons, is not to be considered a tendency, and the statistics bearing on the Giza security department show this. The year 1987, from January to April, has been as follows: 22 pistols were seized, 28 sharp objects, nine single-loading rifles, six automatic rifles and one machine gun. This means that the ratio of automatic weapons to the weapons seized does not exceed 13 percent. These statistics could be similar for the republic as a whole, and in addition the spread of these weapons has now declined because of the difficulty of obtaining them, first of all, and their high price, secondly.

These Weapons Were Seized in the Course of a Year and a Half

In 1986 a large number of weapons were seized. The number came to about 8,726, which were categorized as follows: 211 machine guns of various makes, 436 automatic rifles, 776 rifled guns of various calibers, 5,294 unrifled

weapons and 1,009 pistols of various makes. These statistics represented an increase of 161 units over 1985.

In 1987, the month of January, 656 weapons were seized, which were categorized as follows: 13 machine guns, 35 automatic rifles, 61 rifled guns, 348 unrifled weapons and 147 pistols of various makes.

In February, 615 weapons were seized: nine machine guns, 19 automatic weapons, 52 rifled guns, 439 unrifled guns and 141 pistols.

In March, 284 weapons were seized, including eight machine guns, 11 automatic rifles, 30 rifled guns, 274 unrifled weapons and 77 pistols of various makes. In addition to that large quantities of ammunition were seized. In April these came to about 11,052 rounds of various calibers.

What Do the Arms Dealers Say?

UKTUBAR magazine has managed to hold a conversation with a person dealing in arms by illegitimate means. The process at the beginning took place through an intermediary or middleman and in total secrecy. Without waiting for the results, we can cite what took place at this meeting. On a question regarding the prices of arms, one of the dealers said that arms exist and are plentiful, but there has been a rise in their prices recently as a result of the proliferation of demand for them and also the scarcity of certain desired types. The dealer presented the prices of certain types, which were as follows. The cost of a 7.62 by 89 caliber rifle is 1,500 pounds, if it has a wooden stock, and that of an equivalent with a metal stock is 2,000 pounds. With respect to the prices of machine guns, the price of a 9-millimeter Port Said make machine gun now comes to 800 pounds, and there are various pistols and rifles, including the 9-millimeter Hilwan make whose price is now 400 pounds, with 500 pounds for a Lee Enfield 303-caliber rifle and 500 pounds for a 7.92-caliber German rifle. We are setting forth these prices most frankly, as stated in the words of the dealer.

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GENERAL UNION OF MOROCCAN WORKERS CELEBRATES 27TH ANNIVERSARY

Rabat L'OPINION in French 8 May 87 p 5

[Article by El Ousfour]

[Text] The General Union of Moroccan Workers (UGTM) recently celebrated its 27th anniversary. The event took place at the headquarters of the UGTM at the Port of Casablanca and was attended by rank-and-file workers affiliated with the UGTM as well as many high officials of the Istiqlal Party and its different organizations. The first speaker was brother Idris Al Alami, member of the coordinating committee of the governorate of Greater Casablanca. Alami spoke on behalf of the Istiqlal Party, congratulating those present and the UGTM on its 27th anniversary. He also stated that the historical reality of the militancy of the working class in the Istiqlal Party shows that it is not the 27th anniversary that was being celebrated, but rather, over 50 years of Istiqlal trade unionism. Since the Istiqlal Party has existed, its members have organized the working class. Alami said that the UGTM was but a stage in the different phases we have gone through. The 1960 separation was for the UGTM but a means of correcting and safeguarding the trade union movement in Morocco. The speaker spoke to those present and told them: "You are the Istiqlal Party. The UGTM, the different organizations of youth, women, high school and university students, with their different groups, are the real rank and file of the Istiqlal Party."

He then turned to the different current issues and the difficult situation of the working class. He said that the party is paying close attention to these problems.

Alami went on to say that this occasion is not for the purpose of celebrating an anniversary, but to learn the lessons, look to the past and engage in self-criticism.

This pause must be a springboard to consolidate the foundations of an active, instructive militancy. This pause means planning for a better future and the well-being of all the citizens of this nation. He added that in order to do so, we must unify and close the ranks of the Istiqlal Party and the different affiliated organizations. The speaker also turned to the subject of unemployment, that of graduates and nongraduates, the increased unemployment which is due to the fragile policy followed in the sector and the absence of planning for the creation of new jobs. Alami added that this occasion should not simply serve to give speeches and applaud. We must face up to our challenges. The train of development will move forward only if every person demands his

rights, including the right to work. A country is like a factory. If a machine does not work, the entire plant may break down. That is why all Istiqlal members must be in the front lines of the struggle.

The speaker asked all members of the UGTM to take up the mission entrusted to them. The Istiqlal Party has a program and principles based on Arab and Muslim origins. The party's goal is to apply social equality, equal opportunity, a fair distribution of national resources and the freedom of citizens.

At the close of his speech, the speaker asked those present to organize more and close ranks within the UGTM and the party, this party which expresses the real will of the people. We must be ready to meet the struggle and the challenge, in the face of all attempts to exclude the people.

In his speech, brother Mohamed Kafi Echaratt, member of the UGTM Executive Bureau, apologized for Abderazak Afilal, general secretary of the UGTM, who could not be present because he is out of the country.

Kafi Echaratt began by saying that the UGTM is proud of its history, its militancy, its positions and its Istiqlal principles. He added that the UGTM was not set up in the first place on 20 March 1960. The idea for a national, people's trade union organization appeared with the Istiqlal movement, the only representative of the people's forces at the time. The date of 20 March 1960 is but a choice for continuity in the true line set forth by the party, which has never separated trade union militancy from political militancy.

Kafi Echaratt recalled that the year 1952 constitutes an unforgettable historic page for the UGTM and the nation. That year distinguished itself by the revolution against the forces of occupation and the general strike that ended with the death of Farhat Hachad.

He also spoke of the rights of the workers and their membership in the National Social Security Fund. He ended by saying that the UGTM, with its national spirit and its Istiqlal principles does not criticize for the sake of criticizing, but also presents solutions in order to overcome the crises endured by the country and the labor sector. With the rising national awareness and true militancy, constitutional rights will be protected in order to achieve the objective: "Free citizens in a free nation."

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CSO: 4519/110

JOURNALISTS ROUND TABLE DISCUSSES PROBLEMS IN PRESS

Rabat L'OPINION in French 8 May 87 p 6

[Article by Khalil Rais: "Outdated Code and Anachronistic Concepts"]

[Text] The cultural week celebrating the tenth anniversary of Al Asas could not fail to include the topic of the written press on the menu. And what a dish we were served by El Kohen Lmarhili and the professional journalists: indigestible in some ways, particularly the sometimes provocative, sometimes novel-like garnish.

This round table, quite filled out and even battered on some of its corners, did have one merit: Unlike those that preceded and perhaps those yet to come, no one involved could forget about it the next day, even if the most pertinent corps was bent on expressing itself: the journalists, the scribes, those who write for a living, the hack writers, who are no more than a few dozen and whom certain "theoreticians," idealistic in the extreme, find a way to criticize, while they fail to react, like punching bags.

Let us see who is seated at the table: the editor-in-chief of a journal, the editor of a daily newspaper, a journalist-jurist-law professor, a former editor-in-chief of a daily newspaper, two "theoreticians" who teach journalism, even one cinematographer participating for the noble needs of exhibitionism. When one realizes that in the press union, the journalist is a non-existent commodity, one lets it go by and is tempted to go along with the gab. In other words, nothing essential was said the other night at Oudayas in that smoke-filled atmosphere, and there should have been plenty to say.

Knowing precisely and unequivocally that in debates, everyone is right, everyone is wrong and that "whatever the case, the debate remains open," even downright stupid sometimes, let us come back to what was said. Let us say it right out, from unbridled defense to the gratuitous indictment and including alarmism a la Orson Welles!

Code or the Party

Is there any need to go back to the code and its outdated nature? Yes, claims Mustapha Sehim, a man of the law. Attention must be drawn to the inoperability of that museum piece. "If we truly want to do something, we must at least

reform those 30-year-old texts," texts that are inoperative because they are not applied. Yes, Khalid Jamai retorts, you had better have a party behind you with such a code!

It is more established than ever that it is to the profession itself that the organization of its sector must be entrusted, which could never happen as long as the press union is but a club banding together a handful of rather "cool" bosses!

Furthermore, the code is blinding in some ways, such as "the worsening of the repressive regime," Sehimi notes.

For him, the *dahir* of 28 May 1960, particularly its Article 77 (which introduces seizures and suspensions) is a "basic text," along with Articles 11, 12 and 18 of the prehistoric code, articles that have given rise to a funny type relationship, one almost dualistic, between the administration and the courts: "There was competition between the Ministry of Justice and the Ministry of Information." On the legal level, it is clear, he specifies, although there are applicable legal provisions that are seldom applied. "A question of soft law!"

Having demonstrated the precarious nature of the law, Sehimi condemns the status quo that "suits many people" and proclaims an improvement in the status of the press and the journalist. In that sense, what does our only media voice, the union of newspaper owners, do? It is high time it began to make concrete, practical decisions. What do they think in the corridors (at least) and what are they saying? The union is a caricatural "thing," a decorative piece, absolutely inoffensive, much less defensive! It is there, when push comes to shove, to "denounce" that which is easily denunciable, to put out bulletins of an incredible officiality, but as far as action is concerned, forget it! In short, the so-called union is perhaps as inoperative as the code itself. The meeting was an opportunity to call for the holding of a journalistic rally, at which the professional (and the nonprofessional, why not?) might finally say what he thinks and express his grievances. The appeal was so ambiguous, made simply as a matter of form and circumstances that one did not have to be a genius to discourage the most enthusiastic. No one so far has managed to make that idea--even though it remains persistent and the lack of it atrociously anachronistic--the concern of the moment, as if were a question of studying the establishment of an illegal party!

Concerning the party, Khalid Jamai took the microphone to deal with the press-party relationship. We more or less know his ideas on the matter. They are nearly those of the other owners of "party newspapers," even if in some the concept is far from the practice. It is true that for several years, the newspaper and the party have not exactly been one and the same thing.

Jamai explained this by the fact that "it is no longer the members who put out the newspaper, but rather, journalists," mainly nonpartisans. However, it is true that, with all due respect to the reader, it has been realized that the (average) reader has nothing to gain from a gung-ho, bawling rag. It is no longer so easy: "Let it be clear," Jamai admonishes. "We do not receive

instructions every morning. It is much more complex than that." And, he recommends, journalists should have a conscience clause. Thus it is that the ideal would be to operate freely, while being financed by a party (actually, in the long run, the rag ends up financing itself). Jamaï states that one cannot put out 75 million a month for the paper alone without having a group behind one. To which Abdelghani Dades replies: "Yes, 75 million for the paper, but how much for wages?!" In short, wages or no wages, the assumption is there: "Only the parties can make a newspaper. It is a dream to envision the future of the newspapers without parties." Dixit Jamaï and exit.

We shall not go into the report by Abdellah Bensmain, essentially statistical and descriptive concerning newspapers. A few conclusions, nevertheless, that we had thought but without expressing them:

1--"The specialized press no longer exists." So much the better, one would be tempted to exclaim.

2--"There is a new readership that no longer identifies with Lamalif, Al Asas and Sindibad." Lamalif should therefore turn to recipes!

3--"Periodicals must succeed in financing themselves." Meaning advertising. The latter is "per head of customer and viewed as a service." Why not just say it? A charity. But not everyone is Kalima and the rest is only words. The future does not look so promising for everyone; it is so difficult to make a place in the sun.

4--"At the present time, periodicals are without staffs." Because the periodicals do not pay their staffs, because the staffs prefer to be paid (however miserably) by the parties than to keep their nose to the grindstone for periodicals which advertising "finances" per customer head. One has to say that this wretchedness is no longer in vogue, especially when one hears Ahmed Akhchichine tell us "what awaits us in the months or even weeks ahead": this from the standpoint of the "technological changes" that are supposed to invade the media "in the days ahead." The least one can say is that Akhchichine, a "pure" theoretician and teacher at the Institute of Journalism is of a morbid abruptness and plunges deeper and deeper (and his near alter ego, Jamal Eddine Naji, has nothing to envy him) into that attitude of an uncontrollable lessongiver. If he (they) should ever address his (their) students in that way, one could understand why the latter would opt for administrative offices rather than to join the profession as it is practiced here. One can also understand why many of these students come out of their bastion stuffed with illusions and with a highly contemptuous idea of the national written press because these men have something to do with it. Theory is fine, but it is dangerous when it is alongside its "pumps." Just listen to Akhchichine: "Many of our journalists dream of a return to the linotype and the lead." In other words, we are a bunch of reactionaries who refuse to face "the ogre." Then there is Naji: "You still think that the good journalist here is one to whom you give some paper, a pen, a cup of coffee, an ashtray stuffed with cigarette butts and three packages of cigarettes." No comment. But we would love to learn what conception of the ("real") journalist Naji inculcates in his students. The one who goes around in the street with a pocket telex, a

pocket computer, some pink paper, a Cartier pen and the rest of the getup? Akhchichine once again: "All the journalists we consulted believe, without exception, that the height of technology is the system of photocomposition." So there you have two Mr Livingstons landing in the jungle and discovering cannibals still using oil lamps and trying to make them believe we are in the halogenous age! One has but to frequent the "field" (as they say) to discover that even the most thick-headed writer knows that they are in the process--or may have already finished--of putting the final touches on the system of the "nth generation." What newspaper does not receive the issues of the monthly PRINT LINK, a trade journal describing step by step the latest "technological changes" having to do with printing and related equipment? If the theory of our teacher remains essentially bookish and therefore ahead, if one dares say so, of reality, this scarcely forces him to lose sight of the fact that the Moroccan written press is informed and far from seeing photocomposition as something galactic!

As for the rest, we cannot contradict. It is true--and everyone knows it--that what comes after the staff work is decisive in the makeup of the finished product. We have often seen that if the product is not a shining example of perfection, it is the reporter who gets it in the neck because he is the one who signs, inasmuch as some reticent readers find in him an escape valve, like the television announcer. Consequently, his description of the change that has come about with the shift from the linotype to photocomposition is not horrifying. Its consequences can be seen in "the lack of mastery and savoir-faire," mainly aimed at preventing dramatic layoffs due to technical changes, but this lack of savoir-faire has quickly turned into an unshakable tradition breeding in facility. There one would understand that striking lack of evolution seen in the "new post-linotype equipment." Whatever the case, Akhchichine's warning is beyond credibility and can only be perceived, as one professional commented, as science fiction, panic a la Orson Welles! All the "Your attention please! A new element is arriving. You will have to compose with the computers"; all the "You will have to manage to negotiate the turn," and so on, seem a little exaggerated. Yes, the world does evolve; yes, that is what we shall have to do but....

But we are not going to conclude optimistically. Inasmuch as we have witnessed another systematic execution, an absolute but just as idealistic--and therefore, anachronistic--indictment, given the fact that it arises out of a vacuum that ignores all reality, any context. It is the vacuum of Jamal Eddine Naji, who should roll up his sleeves a little more before subjecting us to his dreams and his "How I see you": "Cultural Changes": That was his subject. In the form of 12 anti-commandments that we would sum up in a few words: the cultural journalist? A partner just as much as the political partner. He practices patronage, the empty interview, filling time, winding it up fast, pressed by the time factor. The cultural agent derives his legitimacy from his presence in the media. The interview remains a mere identification. He practices facility. Every publication declares itself to be a cultural producer. In our cultural press, there is casualness and a lack of know-how. His criticism (the press, not Naji) is demolition, complacency or introspection (the proof: this report!). Etc, etc, etc.

I do not know what other famous theoretician wrote, "A journalist must not hesitate to expose himself to ridicule." We do not have to be coaxed.

STRICT REGULATIONS GOVERN NEW STOCK MARKET

London AL-MAJALLAH in Arabic 26-30 May 87 pp 32-35

[Article by 'Abd-al-Rahman al-Rashid: "Following the Grim Kuwait Experience, A Regulated Stock Market Is Opened in Saudi Arabia"]

[Text] Government investment officials in Saudi Arabia have been known for their caution over allowing a stock market to open in that country. This official hesitation aroused intense criticism at first, since the Saudi market is the largest open Arab market. However, the collapse of the Kuwait stock market, known as Suq al-Manakh, which made scores of big Kuwaiti businessmen debtors to the fantastic tune of US\$90 billion, gave Saudi financial officials strong reasons for continuing to restrict and carefully regulate stock market activity.

During the past few days, guidelines have been laid down for establishing the country's first central exchange. This is the second step in developing the stock market, the first step having been taken on 23 December 1984 when the Saudi Arabian Monetary Agency [SAMA] drew up regulations for exchanging stocks through commercial banks. Prior to the announcement of this exchange system, a decree had been in effect restricting the exchange of stocks through banks, although some stockbrokers had continued to function as middlemen. The new central system allows representatives of Saudi Arabia's twelve banks to continue exchanging shares under one roof, as is done in stock markets elsewhere in the world. At the same time, these regulations will, as one observer sees it, eliminate all but licensed investment offices.

The establishment of the central stock market followed a study conducted by a committee representing the Ministry of Finance and National Economy, the Ministry of Trade, and SAMA, and prepared by the London-based Morgan Greenville Bank, a prominent international expert in investment. In preparation for the market's establishment, several young Saudis were trained in Europe to manage and control the market's activities later on.

Brokers and Commissions

Exchange activity at the stock market begins at 10:00 in the morning, except on Thursday and Friday. Only bank brokers, of which there are only two per bank, are allowed to enter the exchange. They call out the dealings in shares, and the prices are recorded on the market board.

These brokers must be licensed to operate according to specific conditions: they must be Saudis, must be employed of one of the banks, and cannot engage in any other activities which would conflict with their functions as brokers.

The guidelines for exchanging shares also specify the commission for buying and selling stocks on the exchange, as set by the permanent supervisory committee. This commission must not exceed one percent of the value of the shares being offered.

This commission is to be paid by both the selling agent and the buying agent, each of them paying 0.5 percent of the value of the deal. The selling broker takes his commission from his selling agent, and the buying broker gets his commission from his buying agent. A minimum commission of 10 Saudi riyals per deal has been set.

One of the market's stricter regulations is that shares cannot be exchanged for deferred funds, a practice which had led to the collapse of Kuwait's Suq al-Manakh. For this reason, Saudi banks dealing in stocks are not allowed to accept payments for purchased shares in the form of post-dated checks, promissory notes, or drafts.

The Saudi Market Before the New Regulations

There had been no real stock market in Saudi Arabia until after the 1984 regulations were issued. During the 30 months since the regulations were first put into effect, the stock market has been able to direct shares activity in a conservative direction, assisted by the decline in the country's economic activity because of falling oil revenues. Although stock exchange activity was slight during that period, it was enough to define the characteristics of the market and give it a chance to develop.

One such development connected with the new regulations has been the improvement of transactions such as the transfer of ownership of shares, even if this involves a chain of transactions. Furthermore, during the past period, those responsible for supervising stock market activity have realized how important it is to get information to the citizens as quickly as possible while still controlling the accuracy of that information. SAMA's Stock Supervision Department issues daily reports on stock exchange activity, which have been significant in forestalling sources of inaccurate information or those sources taking advantage of their size or volume of trading. In addition, there is more opportunity for people to deal on the stock market. The Supervision Department has also started issuing a weekly publication summarizing the stock market's situation and activity.

Until just a short time ago, information on companies offering stock for trading was virtually non-existent, and the joint-stock companies had to issue statements and financial information every 3 months. These quarterly publications are still unregulated and inadequate, but with the opening of the stock exchange these publications are expected to be overhauled. Another change which has occurred during the last 2 years is that the exchange of more than 10,000 shares in a single company by a single agent on a single day is now allowed, so as to encourage investors to deal with banks when carrying out large deals instead of with the joint-stock companies themselves.

The Stock Market's Weakness

Attempts have recently been made to find out why the Saudi stock market is so weak. In spite of its large size compared to other Arab countries, and in spite of the high degree of financial liquidity available as shown in the local banks' balance sheets, the Saudi market has remained weak because of the strict investment regulations and the fact that the central stock market which was recently set up did not then exist.

Over the last 2 years, stock exchanges on the market have accounted for only 1.5 percent of all stock exchanges, a very small percentage compared to other stock markets. In the opinion of Saudi official experts, this weak stock circulation is due to the fact that a large part of the shares of the joint-stock companies are held by official and quasi-official bodies, Saudi organizations, and foreigners who do not at the present time intend to sell these shares, in addition to the fact that there are no companies which could have acted to create this market.

One of the stock market's problems which led to this depressed level of activity was that the banks, which had been entrusted with disseminating and expanding the buying and selling, were not sufficiently qualified to do so, and the stock brokers, who had been excluded from the profession, were providing quicker and better services than some of the banks. The banks themselves were poorly organized when it came to providing information on purchase and sales deals and offers. Furthermore, because of varying currency exchange rates, even the prices of shares constantly fluctuated.

It is believed that the establishment of the Riyadh central stock market will solve these problems and make it possible to stimulate the market.

In the 2 years since the change, the banks have continued to be the largest channel for stock exchanges. More than 5.5 million shares worth more than 1 billion riyals have changed hands in 14,654 deals, which means an average of 1,719,000 riyals for each exchange day.

Stocks can be exchanged by dealing directly with the companies, and more than 40 percent of all exchanges are handled this way. About 4 million shares worth 645 million riyals have changed hands in this way in the course of 9,632 deals.

The Most Active Banks

The SAMA report lists the banks most active in buying and selling shares. The Saudi Cairo Bank has held first place for the past 2 years in the number of shares circulated, more than 1 million, as well as in their value. This bank accounts for 18.6 percent of all shares circulating in the market through the banks, and their total value is more than 235 million riyals.

The Saudi Investment Bank holds second place, having circulated 995,000 shares worth more than 132 million riyals. The al-Rajhi Company comes in third, having circulated over 940,000 shares worth about 130 million riyals. The al-Ahli Commercial Bank holds fourth place, then comes the Arab National Bank,

the Bank al-Sa'udi al-Hollandi, the Bank al-Sa'udi al-Fransi, the United Saudi Commercial Bank, the al-Jazirah Bank, and then the Saudi British Bank, in that order.

SAMA reports indicate that shares in 46 of the 50 joint-stock companies are in circulation, and give figures showing the top ten companies from the standpoint of number of shares circulated. They are the Central Electricity Company, the Ha'il Agricultural Development Company, the Saudi Public Transportation Company, the National Industrialization Corporation, the Western Electricity Company, the Saudi American Bank, the Saudi Livestock Transport and Trade Company, the Saudi Automotive Services Company, the al-Ahli Gas and Industrialization Company, and the Saudi-Bahraini Cement Company. These ten companies have 3.4 million shares.

The ten most active companies from the standpoint of the value of shares in circulation are the Saudi American Bank, the Central Electricity Company, the Ha'il Agricultural Development Company, the Western Electricity Company, Riyadh Bank, Bank al-Sa'udi al-Hollandi, the Arab National Bank, the Saudi Public Transportation Company, the Saudi Basic Industries Corporation (SABIC), and the al-Ahli Gas and Industrialization Company.

Distribution of Circulating Shares By Sector

The 50 joint-stock companies can be broken down into four sectors and ranked according to the volume of circulating shares and thus their activity over the past 2 years.

1. In the services and utilities sector, 5,064,724 shares changed hands, making up 53.2 percent of total shares in circulation. Thus this sector occupies first place in the number of shares, as well as in their value, which was more than 612 million riyals.

2. The industrial sector occupies second place, with 2,184,587 shares in circulation, accounting for 23 percent of the total. Industrial stock also occupies third place from the standpoint of the value of the shares in circulation, which amounted to over 404.5 million riyals.

3. The banking sector holds third place for the number of shares, which amounted to 1,238,289 shares, and second place for the value of those shares, which was about 485 million riyals.

4. There were 1,023,157 shares worth 149 million riyals circulating in the agriculture sector, putting it in fourth place.

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TIMES CRITICIZES PRIME MINISTER FOR STATEMENT ON MASSACRES

Khartoum SUDAN TIMES in English 3 Jun 87 p 2

[Editorial: "A Most Careless and Provocative Statement for a Head of a Democratic Government"]

[Text]

It appears both ironic and tragic that the Prime Minister should choose to broadcast to the world rather than to the Sudanese public his first real statement concerning the massacres of the defenceless Dinka citizens at Daen, Southern Darfur, on or around March 27th and 28th 1987. In reply to a question put to him last Sunday, whilst he was participating as the international guest figure on the BBC's World Service Radio phone-in programme "This is Your World", the Prime Minister more or less condoned the massacres perpetrated by the Rezigat tribal militia, whereby they slaughtered in cold blood large numbers of the resident Dinka population in Daen. It is even more ironic and tragic that the Prime Minister should broadcast to the world such an uncompassionate statement that doesn't even have the authority of an independent public inquiry into the incidents to back it up, because he as Premier previously chose to remain silent on the issue and to prevent its discussion in the Constituent Assembly.

The sheer ease with which the Prime Minister was able to verbally transfer the guilt for the massacres from the Rezigat militia over to the SPLA was astounding to those listening to the broadcast in this country. The Prime Minister virtually exonerated the Rezigat militia from all responsibility for their own murderous actions by claiming that they had been subject to undue provocation from the SPLA in a previous attack that they had suffered at the hands of the SPLA at Safaha, Southern Darfur, a few days earlier. In the Premier's opinion they were merely reacting in vengeance to a situation brought about by the civil war in the South and saw the

Dinka in Daien as the kin folk of the SPLA forces that had attacked and killed some.

It is difficult to envisage what the Prime Minister hopes to achieve from such wild assertions, that his previous government couldn't even spare the time to investigate. It would have been hoped that on the international stage at least, the Prime Minister could have shown some compassion for the Dinka victims and the shell shocked survivors. But then again little compassion should have been expected from Sayed Sadig because with his government arming or at least aiding the acquisition of arms by the tribal militias and the so called "friendly forces", there was little political capital to be made amongst his supporters by backing the case of a few thousand Dinkas. Instead it seems that the Dinka of Daien are to be interwoven with the SPLA and in the future forgotten.

That these Dinka could be construed as an arm of the SPLA is ridiculous. The majority of the Dinka in Daien are hardly new arrivals to the town. A substantial Dinka population has been resident in Daien since the time of the seventeen years civil war in the South. For years the Dinka have lived side by side with their Rezigat neighbours in relative peace. Intermarriage has even occurred. It seems that the only destabilizing factor in that situation has been the presence of the heavily armed Rezigat militia. A militia that is the direct product of Central Government policy not of the civil war in the South.

What was particularly worrying in the reply to the question was the Premier's assertions that such massacres are a direct product of the civil war and atrocities carried out by the SPLA against the border tribes in the North, and that as long as the war continues so will such distasteful incidents. It now seems that the Prime Minister is enlarging upon his statement that Sudan's borders are too wide and porous to be policed effectively, and is extending that to suggest that government forces are now unable to prevent such massacres taking place whilst the war continues because the country itself is too wide and porous to have effective internal security. This has more or less made all Southerners, wherever they may be, legitimate targets for the tribal militias to vent their anger and vengeance upon.

Surely the Prime Minister must realise how incorrect his reply was to the question in the broadcast. Is he really intent upon providing a "carte blanche" licence to all tribes in the Sudan, if they feel provoked and incens-

ed to go out and massacre other tribes ? By his own admission, Southerners now make up more than ten percent of the civil populations in the major cities of the North. If such a licence were ever to extend itself to the cities, especially the three towns of the capital, then a racial bloodbath of unimaginable proportions would ensue. Is that really where the Premier wants to lead this country ? Does he really want to extend his campaign for a military victory over the South to the major cities of the North as well ?

Such careless and provocative statements by the Premier will do nothing to enhance the peace process in this country. By wiping his hands clean of all responsibility for the control and disarming of the tribal militias and the providing of real security for all citizens regardless of their ethnic origin, the Premier is paving the way for an escalation of the war. Thus the Premier's statement on Daien and the linking of it to the SPLA has shown up the so called peace initiative of April 6th 1987 as the charade it is. That this was done on an international radio broadcast makes it all the more worrying for the future of this country.

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SOLAR, WIND ENERGY IN SOUTHERN REGIONS

Tunis LE TEMPS in French 2 May 87 p 2

[Text] Tataouine (TAP)--The Saharan triangle made up of the governorate of Tataouine supplies Tunisia with its main energy resources.

Extracted from the subsoil today, those resources will in the future come from renewable energy sources if experiments and research underway turn out to be conclusive.

Since the early 1960's, the region has continued to supply most of Tunisia's oil and natural gas production, mainly thanks to the El Borma deposit.

While the underground energy resources are now threatened with exhaustion, experts say that the region will nevertheless remain the most important energy reserve in Tunisia if research programs for large-scale development of new and renewable energies, mainly solar and wind power, achieve their objectives.

Actually, the region has the largest number of sunny days a year and the highest temperatures in the country.

An experiment done in Hammam Biadha to transform solar energy into electric power resulted in the electrification (220 volts) of 40 housing units, two electric pumps, three greenhouses and one field.

The total cost of the project was 1 million dinars.

The use of solar energy in the Tataouine region began with the electrification of a National Guard border post at Maehhed Salah. The success of the experiment led authorities to plan the electrification of 21 other posts using the same method.

The chairman of the board of STEG [Tunisian Gas and Electric Company] recently said in Tataouine that the company will soon begin to equip distant homes in the national electrical system with photovoltaic cells for the production of electric power, in cooperation with a specialized Italian enterprise.

At the same time, experiments continue in the use of wind energy.

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SITUATION IN CHEMICAL INDUSTRIES, PHOSPHATE SECTOR REVIEWED

Tunis DIALOGUE in French 27 Apr 87 pp 24-26

[Article by Youssef Hechmi: "In Search of an Arab Consensus"]

[Text] The jewel of national industry, the chemical industries sector is experiencing profitability difficulties owing to the excess in production capacity in the world stemming from an unbalanced supply and demand for chemical fertilizers. Today, only a consensus of the main phosphate and chemical fertilizer producers: Morocco, Tunisia and Jordan (in the United States, the sector is in the hands of private operators), could lead to a stabilization of production and the maintenance of prices at a tolerable level.

Is such a consensus possible?

On Monday, 9 March 1987, Jordanian Deputy Prime Minister 'Abd-al'Wahid al-Majali arrived in Tunis. A phosphates expert, al-Majali was one of the founders in 1964 of an association of phosphate producers grouping North Africa and Jordan. At the heart of discussions with Tunisian officials was an examination of bilateral cooperation in the mining sector. Jordan is classified as the fourth-ranking phosphate producer in the world.

On 15 April, Qin Zhongda, Chinese minister of chemical industry, paid an official visit to our country. More precisely, the Chinese minister went to the regions of Sfax, Gabes and Gafsa, meaning the core of the chemical and phosphate industry. During that visit, an agreement was reached to set up a Chinese-Arab company. It would be a joint venture for the manufacture of chemical fertilizers for use in the People's Republic of China, with a production capacity of an estimated 480,000 tons of DAP [diallylphthalate diammonium phosphate] and 600,000 tons of NPK [nitrogen, phosphorus, potassium] a year. The amount of the investment in the project was set at \$50 million, while startup is scheduled for the first half of 1989. It should be recalled that China is one of Tunisia's traditional phosphate customers.

A few days previously, the Tunisian-Kuwaiti joint commission met in Tunis, presided over by Ismail Khelil, minister of planning and finance, and Jasim Muhammad al-Khamaji, Kuwaiti minister of finance. Most of the projects completed in the chemical industry have been partly financed by Kuwaiti funds.

During the month of April, Prime Minister Rachid Sfar traveled to Morocco to join with his Moroccan counterpart in a discussion of the means of consolidating bilateral cooperation. Several areas of economic activity that might contribute to Maghrebian complementariness were reviewed. Observers take special note of the fact that emphasis was particularly placed on the coordination of efforts in the field of working phosphate resources.

Rush to Fertilizer

These events, somewhat spread out in time, are not any accident. After the United States, Morocco, Tunisia and Jordan are the main producers of phosphates and chemical fertilizers in the world. However, the current situation on the world market for phosphate fertilizers is far from favorable to the marketing of the product. The context is in fact marked by a major imbalance between supply and demand, essentially due to inadequate domestic consumption in the United States and Latin America and the very great increase of Morocco's capacity for turning phosphate into phosphoric acid.

World needs for phosphate fertilizers, which totaled 31.2 million tons of "P2O5" in 1981, increased at a rate of 3 percent annually, reaching 34.7 million tons in 1985. However, the installed capacity of the phosphate fertilizer plants in the world rose during the same period from 31 to 37.6 million tons of P2O5, a growth rate of 5.3 percent annually.

Tunisia has been particularly affected by that situation. The minister of energy and mines told DIALOGUE (No 625, 29 September 1986) that between 1980 and 1986, phosphate prices dropped by nearly 30 percent, bringing about a very great drop in foreign exchange as well as dinars. The policy of processing our phosphates locally and exporting them in the form of fertilizer has nevertheless attenuated the effects of that situation on the national economy.

Performance and Counterperformance

Tunisia, which in 1970 had but two fertilizer manufacturing plants, now has nine large units, permitting the processing of 80 percent of our phosphates. Performance achieved has made the chemical industries sector the jewel of national industry and Tunisian technology is exportable, not only to developing countries, but to industrialized countries as well, for they value our national production.

While from the technical standpoint, results are satisfactory, the Tunisian Chemical Group (GCT) (made up of 12 companies) maintains, mastering economic performance will henceforth depend on several factors. Fertilizer commerce, emphasizes a report presented by the GCT, is subject to the influence of agricultural production in the world. The "green revolution" in certain countries, particularly Southeast Asia, was at the root of the major increase in the consumption of fertilizer in the world. On the other hand, the natural disasters that have struck several countries were decisive factors with respect to their base of consumption. In addition, there is the effort made by certain countries to develop their national industry and make the most of their natural resources such as phosphates, whence the imbalance between supply

and demand. This phenomenon, which has developed starting in the 1980's, coincided with the increase in prices of sulfur, a raw material needed to make the sulfuric acid that makes the phosphate soluble.

In 1985, the sector had to deal with a drop in sales prices and an increase in the price of sulfur, whose purchases represent from 30 to 40 percent of the cost price of finished products.

Basically, these limitations have not altered national production, whose value went from 152.2 million dinars (in 1980) to 310 million (in 1986). For 1986 alone, revenue of the sector provided a net balance in foreign exchange of 100 million dinars. However, the value added of the sector has not evolved at the same rate as that of the value of production. The cumulative results of the five largest companies in the GCT show that the value added has steadily dropped since 1980 (+ 31), reaching the threshold of -11 in 1985.

Price Problem

The essential problem facing the Tunisian chemical industry, the Ministry of Industry and Commerce emphasizes, is not at all that of the market. Rather, it is a problem of price competitiveness. For many reasons, mainly technical and social, the prices set by Tunisians are considered among the highest on the international market.

In order to face this situation, measures have been taken by the tutelage authority to reduce spending and improve productivity. These measures concern the financial rehabilitation of the Chemical Group as well as its organization and rationalization of its management.

The results of this reorganization effort can nevertheless not lead to the desired results without concertation with the other main producers of chemical fertilizers, meaning Morocco and Jordan. In the United States, the chemical industry is in the hands of the private sector and the two main groups in the sector have already rejected any idea of collaboration or cooperation.

But the picture is not all that gloomy. Some countries having set up a national phosphate industry have gradually given up their undertaking in the face of excess production and dropping prices for chemical fertilizers. It is an asset for Tunisia but the other big producers as well.

Is Consensus Possible?

Observers nevertheless believe that due to the existence of surplus capacity on the world level totaling 2.9 million tons of P2O5 a year, the market situation will remain unfavorable in 1987. Given the fact that world consumption is increasing at a rate of 3 percent a year, this surplus would be absorbed, it is thought, around 1988-1989, provided that consumption remains at a favorable level and that the producer countries, especially those with phosphate deposits, do not develop new projects to make phosphoric acid.

Since Morocco now has the goal of processing 50 percent of its phosphate locally, after building the Jorf Lasfar project, whose size is out of proportion to the immediate needs of the market, mastering world production and keeping prices at a profitable level could not be done.

One must therefore hope that consultation between the three countries concerned (Morocco, Tunisia and Jordan) will yield positive results and effectively contribute to the development of the chemical industries. Without such concerted action, it would in fact be impossible to go through the stages leading to the economic complementariness so desired for the Arab world and Maghrebian countries in particular. The example of oil shows us that in the absence of such a desire for cooperation, only the industrialized countries, the multinationals and others will profit from our potential. And for a very low price.

11,464

CSO: 4519/108

OIL DISCOVERY WILL ASSIST NEW DEVELOPMENT PLAN

London AL-MAJALLAH in Arabic 26-30 May 87 p 25

[Interview with YAR Economy Minister Muhammad al-Khadim al-Wajih, by Mustafa al-Yahyawi: "The Yemeni Oil Boom Has Arrived;" in Paris, date not specified]

[Text] During the 4 days he spent in France, YAR Minister of Economy, Trade and Supply Muhammad al-Khadim al-Wajih told French officials, "The Yemeni oil boom has arrived, and French companies should get ready to help guide this boom by taking part in the third 5-year plan." The Yemeni minister was visiting France at the head of a delegation of senior officials and Yemeni businessmen participating in the Trade Information Day organized by the Paris-based Arab-French Chamber of Commerce. Al-Wajih met with several French officials, including Foreign Trade Minister Michel Noir, with whom he discussed the third 5-year plan (1987-1992), which will be based on revenues from the oil which was recently discovered in Yemen. Yemeni oil reserves in the Ma'rib area alone now amount to 57 million tons, and by the end of the year 220,000 barrels of oil will be exported each day.

AL-MAJALLAH met with Minister al-Wajih and asked him about Yemen's economic aspirations in light of the information he gave to French officials. Here is the text of the interview.

[Question] What are the priorities of Yemen's third 5-year plan?

[Answer] The third 5-year plan will concentrate on three priorities: developing agriculture to attain the basic goal of self-sufficiency in food; developing our mineral and non-mineral exports by concentrating on the petroleum discovered in the country recently; and developing industry by increasing our production of construction materials such as marble, copper, and other minerals.

[Question] Such ambitious economic development plans usually require major financing. Do you in Yemen have sufficient sources of financing? Have you requested funds as well as the tools of technology from France?

[Answer] The third 5-year plan needs major financing. We will first of all rely on our own financial resources, and secondarily on aid and loans which we may be able to obtain from Arab countries and Arab and international

development funds, as well as some friendly countries. We expect to obtain technology from France, and perhaps financing as well, under suitable conditions.

[Question] In your search for European companies, have you concentrated only on asking assistance from France, or have you approached other European countries?

[Answer] We are working with all foreign countries, instead of concentrating on just a few, because we want to get as much as we can of what we need from every country.

[Question] Petroleum is an important new economic resource for Yemen. How will you exploit it--through export or through local refining?

[Answer] Serious crude oil production in Yemen is expected to begin early next year. We want to make good use of this God-given resource, particularly in order to develop Yemen's agriculture and industry. During the first 2 years of production, we will concentrate on exporting crude oil, since it will take 3 or 4 years to build a local oil refinery to meet the Yemeni market's needs.

[Question] Do you have guaranteed foreign markets for your oil production now?

[Answer] We have not made any studies on this at present, but we will certainly work with the oil companies exploiting Yemen's oil fields to find world markets for our product. We hope to be able to solve this problem easily.

[Question] It was recently announced that Soviet experts have discovered an oil field in South Yemen near Ma'rib, where your oil fields are located. It has been reported that the two fields are connected. Might this cause a problem between San'a and Aden?

[Answer] First of all, I would like to say that we are very happy that oil has been discovered in South Yemen. This is something which makes us very happy, because this new resource will benefit the Yemeni people in general, whether in the South or the North. As for the field discovered in South Yemen, and the possibility that it might be connected with our field in North Yemen, this is an extremely technical matter which would be hard to answer right now, and which do doubt requires careful study. As for the matter of dividing up the oil resources between North and South Yemen, I might mention that there is an agreement, signed by both Yemens, concerning joint exploitation of oil fields located on the borders. Therefore, basically there is no reason for any problems over this matter.

The Cooperation Council

[Question] To what extent do you work with the Gulf Cooperation Council and the other Arab countries? Are you satisfied with the level of inter-Arab and Yemeni-Arab economic cooperation?

[Answer] We are working together will with the Gulf Cooperation Council countries, and there is considerable trade exchange between us. As I mentioned earlier, we depend to a certain extent on Arab development funds to finance our economic projects. Saudi Arabia, Kuwait and the UAE are providing us with important aid and loans. At present Yemen purchases its oil needs from Gulf markets. In general, trade relations between both sides are open, and we are pleased with this level of trade cooperation. As for other Arab countries, we have bilateral agreements with most of them which regulate our trade and economic relations, but unfortunately our cooperation with them is still below the desired level.

[Question] Is the Yemeni government suffering from increasing foreign indebtedness like some other Arab countries?

[Answer] In the past, the Yemeni government has gotten loans from some Arab and international financial funds, but it never resorted to commercial loans, remaining satisfied with long-term, low-interest financial loans which it invested in economic projects. Our commercial loans amount to almost nothing, which puts us in a very good financial position in spite of some domestic financial difficulties. We have paid off our foreign loans one by one, which has given our country a good international reputation.

Outline of the Third YAR Development Plan

Economy Minister Muhammad al-Khadim al-Wajih explained that about 40 billion Yemeni riyals have been allocated for the third plan. The private sector will spend about 20 percent of this sum, the public sector 33 percent, and the joint sector the remaining 47 percent.

This plan will concentrate on agriculture, for which 3.8 billion riyals have been allocated; on petroleum and gas, for which 5 billion riyals have been allocated; and minerals and conversion industries, for which 3.8 billion riyals have been allocated. The communications sector has been allocated 3 billion riyals.

The Yemeni minister expects the Yemeni economy to grow by 1.8 percent through the development of petroleum resources and agriculture and the encouragement of light industry.

8559

CSO: 4404/374

SOVIET COMPANY DISCOVERS OIL IN SHABWAH

London AL-MAJALLAH in Arabic 26-30 May 87 p 23

[Article: "Aden Announces the Discovery of Oil in Shabwah"]

[Text] These days a visitor to Aden notices an unprecedented state of happiness in the country, similar to the joy at independence, if not more so. The reason for this happiness is the announcement of the discovery of oil in commercial quantities in the Shabwah region, which is known for its historic heritage and outstanding Arab-Islamic architecture.

The Aden press announced the happy news to the citizens of South Yemen in broad front-page headlines, and petroleum terminology has begun creeping into newspapers and magazines in a way which recalls the early days of the oil discoveries in the Arab Gulf.

The discovery of oil in the PDRY comes at the same time as the discovery of commercial quantities and vast reserves of oil in the Yemen Arab Republic near Ma'rib. Observers anticipate that the YAR will export about 200,000 to 250,000 barrels of oil each day, enough to make it a member of OPEC.

Official Confirmation

The discovery of oil was officially announced in Aden on 15 April 1987 in a joint statement issued by the PDRY Ministry of Energy and Minerals and the Soviet Ministry of Geology. The statement confirmed the discovery of commercial quantities of high-grade oil in three fields in the Shabwah area, and said that steps are now being taken by both ministries to conduct the studies needed to estimate the reserves and begin their exploitation as soon as possible. The statement, signed by PDRY Deputy Prime Minister and Minister of Energy and Minerals Salih Abu-Bakr bin Husaynun and USSR Minister of Geology Yevgeniy Aleksandrovich Koslovskiy, said that bilateral cooperation between the two countries in the field of oil prospecting and extraction has made great progress in the past few years, and that geological and geophysical surveys had discovered vast reserves of crude oil in a 350,000-square kilometer area of Shabwah Governorate.

The search for oil in Aden began right after independence, when the government set up the SIAPCO Company, in cooperation with the Algerian government, to prospect for oil. On 10 October 1969, an agreement was signed between the two countries in this connection, with the Aden government owning 51 percent of the shares and the Algerian government 49 percent. The Algerian government was represented by SONATRACH, which began prospecting in November of the same year in a 1,200-square-kilometer area. Although the company drilled more than 3,700 wells, it faced difficulties because of the difficult terrain, and met with no success.

After that, the Aden government turned to foreign companies, particularly a Canadian company which began prospecting on the island of Socatra. Instead of oil, the company discovered gas fields, and gave up the search.

Italian Success

Italy's AGIP Company was the first Western company to find oil in the PDRY, in a well on the Mukalla coast. This discovery encouraged the government to concentrate on extensive surveying of other parts of the republic.

In this way, the field was opened for several British, French, Brazilian, Canadian and Soviet companies. However, success came to the Soviet Union when it discovered commercial quantities of oil in the Shabwah area, as the official statement announced.

The Aden government wanted to make political use of the announcement of the oil discovery. It was successful in this, since the announcement of the oil discovery is a reflection of the country's stability a year and a half after the 13 January 1986 incidents. In addition, the discovery of oil in commercial quantities will solve many of the economic problems which have beset the country since those incidents. The oil revenues will be used to finance several development projects which have been postponed because of the shortage of financing and hard currency. The oil revenues are expected to help the country continue prospecting for other minerals and put them to commercial use in the future.

As the official announcement mentioned, the recently-discovered oil is pure, high-quality, and largely sulfur-free, which will increase the demand for it.

Many observers who have been following the state of relations between the two Yemens expect that these oil discoveries in both Yemens, and the fact that the fields are adjacent to each other, will help improve bilateral relations, since common fields such as these will require cooperation and joint utilization by both sides.

Therefore, it appears that with the discovery of oil, happiness will return once more to Yemen. Just as the Ma'rib Dam was the symbol of this happiness in the past, Ma'rib oil will be the new substance of modern happiness.

8559

CSO: 4404/374

RAFIQDUST SPEAKS ON SECURING OF ARMS, RELATED ISSUES

Tehran RESALAT in Persian 16 Mar 87 p 8

[Interview with Minister of the Guards Corps Rafiqdust by RESALAT; date and place not specified]

[Text] In the name of the Almighty

We had an interview with Brother Rafiqdust, the honorable minister of the Guards Corps, about the procurement of arms for the Islamic army and the significant change in military industries and its ascending course, which follows.

[Question] Your Excellency Rafiqdust, considering that one of the most important propaganda issues of the enemies of Islam concerns the ways the arms needs of the Islamic forces are acquired, please explain as much as possible about the arms embargo by the global oppressors against the Islamic Republic of Iran and the plans to neutralize this conspiracy.

[Answer] In the name of God the compassionate and the merciful.

Considering that the imposed war of Iraq against Iran was the result of the demand and support of the super powers, naturally, those who were preparing for our destruction in this war tried to prevent the Islamic Republic of Iran from acquiring the arms it needed. From the beginning of the war, they have done so and will continue to do so in the future as well. But we had the experience of the Islamic revolution. "An empty-handed nation fought the fifth non-atomic power of the world and overthrew it." In regards to procuring arms for the war, we took measures in two ways. First, we procured arms from any source, except Israel and South Africa, and purchased the arms we needed. Secondly, considering the belief that if we provide the means for the war ourselves, God will be more pleased with us and, considering the Koranic verse [Arabic], from the very beginning of the war we thought about the increased production of weapons and ammunition. And now, as we are talking, a very large portion of the defense needs of the country is produced domestically in the military industries, defense industries and new industries of the Guards Corps. We have received help from the people and the operators of industries and our dependence on other countries has decreased daily in

regards to the general needs of the war. We hope that by the end of 1366 [20 March 1988], we will reach complete self-sufficiency in this regard. We can say at this moment that most of the ammunition needed at the fronts is produced domestically, and we then fight with them. These products are improving in quality and quantity daily. God willing, our needs from abroad will end. In the same connection, by gathering a large number of specialized and committed youths who are working hard for this revolution and who love the revolution, we have also engaged in ways to achieve high-level defense technology and we have had good progress in this regard. God willing, as we have promised our nation several times, our nation will hear good news in this connection in the not-too-distant future, which will make the people happy.

[Question] Considering the victories that the Iranian nation claimed last year in various aspects, especially in the area of the war, and considering that the war machine of the regime suffered a severe blow, what do you foresee as the future of the war?

[Answer] The best sentence that we can use is, "We are bound to attain victory in this war." Of course, the combatants of Islam, including the Guards Corps, the army, and the mobilization, recognize the war, in accordance with the decree of our imam, as a religious duty and we fight to defend the rights of the revolution without worrying about when or how we will achieve victory. No matter how many years this war lasts, even, as our imam has said, if it lasts 20 years, we will withstand. Recently, his holiness the imam, with his very beautiful and very calculated statement in response to some miserable persons who have alienated themselves, and in contrast to the spirit of self-sacrifice of our nation, wanted to see to what extent we are ready to fight. He said: Up to the last person, the last point and the last drop of blood, the fact is that we in the Guards Corps among the mobilization forces who go to war, with the coordination of the Guards Corps, see and recognize every individual as having the same motivation. But, as you stated in your question, the result of the self-sacrifice and efforts of the Islamic combatants is that the war machine of Saddam is about to be destroyed. We will end the war, God willing, with the victory of Islam and the destruction of Saddam and, God willing, the liberation of the Iraqi nation to achieve their own destiny. And we do not see this as being in the distant future. But in order not to set a date for the end of the war, I repeat what I said earlier, that we will fight to the last person, the last point and the last drop of blood. For this reason, we are bound to attain victory. God willing, soon we will attain victory.

[Question] Since the enemy has never stopped its crimes, what is your opinion regarding the war in the cities--stopping it and its future?

[Answer] Certainly, the reason that the enemy has again started the war in the cities is the heavy defeat that it suffered in the Karbala-5 operations. Naturally, in its futile attempt to weaken the nation and heighten the morale of its army, which is about to be defeated and destroyed, it started the war in the cities, which often backfired. On the one hand was the expansive presence and support of our nation for the war in the great march of 22 Bahman [11 February], which can be said was the greatest march during the revolution

and, on the other hand, the strong rush of the Islamic combatants to the fronts and the continuation of the Karbala-5 operations as well as the shooting down of the modern MIG-5 airplanes by the Islamic combatants.

In this manner, it failed to achieve any of its goals and the results backfired on them. Perhaps upon the instructions of its masters, whose technology has been defeated in this war, it stopped the war in the cities. But, no matter what happens in the future, we announce that if Saddam resumes the war in the cities, this time we will not respond as before; our response will be more firm and more severe. That is, God willing, we do not want the war in the cities to resume. We also recommend that the enemy fight us on the fronts.

But if it resumes in the cities, this time the people of Iraq must evacuate Baghdad, because we will not send just one missile at a time. Our missiles will destroy Baghdad one after another, and we will react in such a way that no aggressor will again take the war from the battle field to the cities.

[Question] What steps has the Guards Corps taken in terms of the air defense of the cities?

[Answer] On the whole, the Guards Corps, by forming the Fejr air defense regiments throughout the cities of the country, has begun active air defense. The Guards Corps has helped the people to build shelters in many cities, especially in cities which have seen many bombings, such as Bakhtaran, Khorramabad, Borujerd and other places. In this connection, in Tehran, as well, we have taken responsibility for two educational zones, in order to build trenches in the schools. God willing, we will serve our nation both in active and passive air defense to the best of our ability and will use all our capabilities to do so.

[Question] We have heard that European countries have announced that the Islamic forces (the Guards Corps and the army) are the strongest ground forces in the region. What is your opinion in this regard?

[Answer] This is a fact. One of the reasons the enemy started the war against us was its understanding that our military and defense capabilities were weak. Since they have seen the army suffer blows and thought that its organization had fallen apart, after five or six years of war, on the whole, they are facing a military force that has left six years of war behind and has tapped many resources from nothing. But we believe that what forced the world to make this confession is not weapons and arms but, from the perspective of the world, the very astonishing spirit, the spirit of self-sacrifice, martyrdom-seeking and obedience to the commander-in-chief and leader, that is even noted by the Iraqi prisoners. The officers who have recently been captured also said that this spirit does not exist in any other army in the world. Hence, we believe that today our military force is the strongest military force in the region.

BILL TO REDUCE TAX ON GOVERNMENT OFFICIALS SALARY APPROVED

Tehran KEYHAN in Persian 5 May 87 p 2

[Excerpt] Agenda of the Meeting

Following the pre-agenda speeches and the reading of reminders to the executive officials of the country by the representatives, the Majlis went into session.

The session began with the first round of discussions on the bill to modify income taxes.

Asadollah Badamchian, the spokesman of the committee on economic affairs and finance, provided details about this bill and said: This bill, which was referred to this committee as its main committee, was studied and discussed in a session on 2/2/66 [22 April 1987] before the related experts. Its general points were ratified with a majority of votes.

Now, the report on the first round of discussions is presented to the Majlis.

Single article. From the beginning of 1366 [21 March 1987], taxes on the income of employees of ministries, government institutions and companies, and municipalities, whose salaries are paid by the above-mentioned organizations, shall be subject to the following exemptions.

1. Up to 840,000 rials income subject to annual taxes, 60 percent.
2. Up to 1,080,000 rials income subject to annual taxes in proportion to the amount exceeding 840,000 rials, 50 percent.
3. Up to 1,800,000 rials income subject to annual taxes, in proportion to the amount exceeding 1,080,000 rials, 40 percent.
4. Up to 2,400,000 rials income subject to annual taxes, in proportion to the amount exceeding 1,800,000 rials, 30 percent.
5. In proportion to the amount exceeding 2,400,000 rials income subject to annual taxes, 20 percent.

Note. Non-regular funds as well as funds that are paid for food, travel and clothing fees by employers in both agricultural and industrial production units shall be exempt from income tax of up to a total of 180,000 rials.

Then the opponents and supporters of the bill spoke.

Mohammad 'Ali 'Arabi, as the opponent said: In fact, this bill favors high-level salaried persons. According to this bill, a person who receives a salary of 50,000 rials per month benefits by 360 rials. In other words, at the present, a person who receives 50,000 rials pays 1,000 rials in taxes.

According to the rate proposed, he will benefit by 360 rials.

But the person who receives a salary of 200,000 rials benefits by 16,760 rials. Consider here: Does the inflationary effect of the high-salaried people not fall on the shoulders of the low-level ones?

Therefore, this bill, under these circumstances, cannot benefit low-income people.

Seyyed Akbar Tahari, as the supporter of the bill, said: This bill is to the advantage of low-income classes in terms of paying less in taxes.

Because the increase in the cost of living has decreased the purchasing power of the low-income class, the government has offered this bill, in order to help this low-income class as well. Hence, I support the general points of this bill.

Then, Ghalamhoseyn Nadi, Abdollah Nuri, and Mohammad Hashem Rahbari spoke as opponents and Qasem Me'mani, Mehrzad Sadaqiani, and Valiollah Zamani as supporters of this bill, each of them expressing their views. The spokesman of the related committee and the minister of economic affairs and finance provided explanations.

Then, the general points of the bill to modify income taxes was put to a vote and ratified.

The continuation of the report on today's agenda will be published in tomorrow's issue.

In the continuation of the open session of the Majlis yesterday, the first round of discussions was held on the bill to attach an article to the general military service law.

The spokesman of the special committee provided details about this bill and said: This bill was discussed on 11/9/65 [2 December 1987] in the special general service committee in the presence of related officials and was ratified unanimously, after some changes.

Single article. For mobilization personnel, holy war fighters and other individuals over the age of 15 who are captives or hostages of the enemy or are taken as captives or hostages, upon the approval of the intelligence security of the Guards Corps and the army, as the case may be, the period of their captivity will be considered as part of their military service (whether compulsory or reserves).

Note 1. For the persons mentioned in the single article whose period of captivity exceeds two years, cards for permanent exemption from compulsory service will be issued. Should they remain in captivity for more than two years, the period will be deducted from their reserve military service.

Note 2. Persons subject to the single article whose period of captivity as prisoners or hostages is less than two years will serve the remainder of their term at the military unit closest to their home, provided the remainder of their term of service is less than one year.

Note 3. The implemental bylaws will be prepared by the Ministries of Defense, Guards Corps and Interior within three months and approved by the Cabinet.

Since there was no opposition to this bill, its general points were put to a vote and ratified.

10,000

CSO: 4640/127

NON-OIL EXPORTS SHOW 64 PERCENT INCREASE

Tehran RESALAT in Persian 30 Apr 87 p 11

[Interview with Mojtaba Khosrow-Taj, deputy minister of foreign trade of the Ministry of Commerce, by reporters; date and place not specified]

[Text] Tehran, IRNA. Last year, a total of 646,000 tons of goods valued at \$900 million were exported, which marks an increase of 23 percent in weight and 64 percent in value compared to figures for 1364 [21 March 1985-20 March 1986].

Also, during this period, \$5.6 billion in goods other than military equipment entered the country, which marks a decrease of about 33 percent compared to figures for 1362 [21 March 1983-20 March 1984].

According to IRNA, Mojtaba Khosrow-Taj, deputy minister of foreign trade of the Ministry of Commerce, announced the above statement in an interview with reporters. In regards to the import of goods last year, he said: Despite the imposed war and the policy of the regime of Iraq to make the Persian Gulf unsafe, about \$1.3 billion was allocated for the import of essential goods and \$3.7 billion for other goods. He emphasized: Another \$700 million in goods were obtained from the export of non-oil products, which has been allocated to the import of necessary goods. According to Khosrow-Taj, of the amount of imported goods, \$600 million were from last year and the remainder involved goods exported in 1364 [1985-86]. The largest volume, 213 orders, has been allocated, with \$230 million for chemicals and plastic material, \$93 million for machinery and spare parts, and \$66 million for tools. He pointed out that last year a total of 10.71 percent of imports were carried out through export currency.

The deputy for foreign trade of the Ministry of Commerce then referred to the plans of various merchants of the world with regard to our country and said: Of our country's trade, 66.92 percent is with Western countries, 9.99 percent with Eastern bloc countries, 8.66 percent with non-Islamic Third World countries, and 14.41 percent with Islamic countries.

According to Khosrow-Taj, 12.29 percent of the imports of goods were carried out by the private sector, 85.76 percent by the government sector and nationalized units, and 1.93 percent by the import agency of the cooperatives.

The deputy for foreign trade pointed out that our greatest trade project is with West Germany, which is for \$1 billion in goods, an equivalent of 21.53 percent of the goods imported. Next involves Turkey, with 10.58 percent of the imported goods coming from that country.

He explained: A relative balance of trade exists between Iran and Germany; however, last year, the balance favored Germany. Then, in regards to the import of goods without the transfer of currency, Khosrow-Taj said: The Iranians residing in the Persian Gulf region and other countries acquire a certain amount of currency while working. Last year, 79 items of permitted goods, valued at \$170 million, entered the country.

He pointed out: Since these goods enter without the transfer of currency, their prices cannot be controlled.

Khosrow-Taj also said: Last year, some goods were imported through birth certificate imports, according to which every person may import permitted goods valued at less than 100,000 rials. In this connection, a number of people misused the system and disturbed the market by collecting birth certificates and importing goods.

According to Khosrow-Taj, considering the steps taken, efforts are being made this year to prevent such problems. Then, concerning the increase in the amount of non-oil exports, the deputy for foreign trade said: Despite the fact that our country's capability to export goods strong, exports have not reached the desired level. In this connection, last year, 76.6 billion rials in goods, which was equivalent to \$900 million, were exported. Hopefully, this figure will reach \$1.46 billion this year. According to Khosrow-Taj, \$700 million in currency agreements have been collected from exporters of non-oil goods, of which amount \$600 million worth has been imported and more than \$100 million is still at the disposal of importers.

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CSO: 4640/126

TRADE WITH BULGARIA INCREASING

Tehran RESALAT in Persian 18 Apr 87 p 11

[Interview with Bulgarian Minister of Trade Khristo Khristov and Iranian Minister of Agriculture Dr Zali at Mehrabad Airport; interviewer and date not specified]

[Text] Tehran, IRNA. Khristo Khristov, the foreign trade minister of Bulgaria, who visited Tehran at the head of a delegation to participate in the fourth meeting of the joint Iran-Bulgaria commission, after more than four days in Iran and meetings with high-level officials of the Islamic Republic, left for Bulgaria and was seen off by the minister of agriculture, the minister of heavy industries and several officials of our country.

In an interview at Mehrabad Airport, he described the results of his trip and that of his accompanying delegation as very beneficial.

Khristo Khristov emphasized: Based on the agreements made, the level of relations between the two countries increased compared to last year.

According to this report, Dr Zali, the minister of agriculture of our country, then announced in an interview that the volume of trade between the two countries this year has been projected at about \$500 million and pointed out: According to a signed agreement, the decision was made that the volume of non-oil exports of Iran to Bulgaria, which so far has been a maximum of 20 percent of the total imports into that country from Iran, will increase to 25 percent this year.

He added: In connection with expanding agricultural cooperation between the two countries, it was also decided that the two countries should cooperate in the area of dirt analysis research, the training of experts in the area of forestry and marine life, and the completion of incomplete livestock fodder projects, as well as in the area of rural cooperatives.

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CSO: 4640/126

ESSENTIAL AGRICULTURAL PRODUCTS INCREASING

Tehran KEYHAN in Persian 19 May 87 p 18

[Text] The production of essential agricultural products, especially grains, has increased continuously in the past year in the Islamic Republic of Iran.

An IRNA report quoting the most recent (Fa'u) research in Rome indicates that the production of grain in Iran has increased this year by more than 1 million tons compared to the previous harvest and 2.9 million tons compared to production in 1364 [21 March 1985-20 March 1986]. It is expected to reach 11.3 million tons.

According to this report, the level of global grain production this year has been estimated at 2,113 million tons, which indicates an increase of 5 percent compared to the previous agricultural year.

According to the report, wheat production in the past three years has increased continuously in Iran. In contrast, the import of this product has declined. In this report, which cites the most recent world situation with regard to agriculture, the production of Iranian wheat this year has been estimated at 7.1 million tons, whereas this figure two years ago was 5.5 million tons. In regards to rice production, a similar situation exists. According to (Fa'u)'s projections, 1.6 million tons will be produced this year, and this figure shows a 300,000-ton increase compared to production in 1364 [1985-86]. According to (Fa'u) estimates, the import of wheat this year has decreased by 200,000 tons compared to the previous year and will be 2.5 million tons.

Official figures calculate the export price of first grade wheat at \$106 per ton. This figure indicates a decrease of 18.5 percent compared to last year. The price of corn and rice will also follow this pattern and, with a decrease of 32.8 percent and 4.4 percent compared to previous year, will reach \$71 and \$209 per ton respectively.

Interestingly, according to an informed source, the actual prices of these products, which are presented in secret agreements, are far lower than the official prices. For example, in regards to the price of 1 ton of first grade wheat, the sale price fluctuates \$70 to \$90.

WEEKLY FRUIT, VEGETABLE PRICES ANNOUNCED

Tehran KEYHAN in Persian 11 May 87 p 3

[Text] Shemiran, KEYHAN correspondent.

The weekly prices of fruits and vegetables throughout Tehran were announced.

The public relations office of the Office of the Governor General of Tehran announced: The 17th session of the committee on Article 50 of the law on the guild system was held with a majority of members and chaired by the governor general of Tehran. In this session, after discussions and exchanges of views, the prices of fruits and vegetables throughout Tehran (at one kg units) were determined and announced for the one-week period 21/2/66 to 27/2/66 [11-17 May 1987] as follows:

Southern sweet lemon, 270 rials; official northern oranges, 170 rials; juicing oranges, for 10 or more, 80 rials; grapes, 190 rials; Lebanese red apples, 170 rials; other kinds of apples, 120 rials; squash, 105 rials; tomatoes, 95 rials; salad lettuce, 75 rials; green fava beans, 65 rials; green peas, 105 rials; green, thin cucumbers, 230 rials; ordinary green cucumbers, 130 rials; new potatoes, 65 rials; Istanbul potatoes, 120 rials; various kinds of green vegetables, 70 rials; fresh relish herbs, 75 rials. All sellers must display the prices of their goods at the entrance of their stores in full public view, and the citizens are requested to report violations to telephone numbers 311355 and 311001 of the supervision committee on guild-related affairs or 844455 at the Tehran Governor General's Office. In the continuation of this session, the wholesale prices for various kinds of nontraditional ice cream, including vanilla, pistachio, coffee and fruit ice creams, was determined at 520 rials per kg, and 600 rials per kg for consumers.

Also, the price of 150 grams of fruit ice cream in a container was set at 95 rials and for 100 grams at 65 rials.

In the same session, the determination was made to strictly prohibit the use of any sort of artificial flavor or color in the production or sale of ice cream. Violators will be prosecuted.

MINISTER ANNOUNCES INDUSTRIAL RECONSTRUCTION PLAN

Tehran KEYHAN in Persian 3 May 87 pp 1, 18

[Text] Economic service--

The policies and procedures for operating the heavy industries factories of the country, the plans for 1366 [21 March 1987-20 March 1988] and the necessity to reform the industrial structure were discussed in a gathering of the managers of units under the control of the Ministry of Heavy Industries.

According to a report by the KEYHAN economic correspondent, in this gathering, Engineer Behzad Nabavi, the minister of heavy industries, examined the operations of the factories in 1365 [21 March 1986-20 March 1987] as well as this Ministry's projected plans for 1366 [1987-88].

Also, Engineer Safa'i-Farahani, the deputy for war; Ramazanian, the deputy for planning and programs; Engineer Mehr'alizadeh, deputy [as published]; and Karbasian, deputy for economy and trade of the Ministry of Heavy Industries, explained the Ministries' goals and projections for this year in connection with new plans for defense production, the administration of factories, the situation with regard to currency rations of the units, and the procedures for the export of the products of heavy industries.

According to the KEYHAN economic correspondent, in this gathering, the main issues in terms of the production of the units under the control of Heavy Industries in 1366 [1987-88] include four areas: goods, strategic, preservation of the continuity of the production chain, the level of currency usage, and the preservation of direct and indirect employment.

The currency situation of 1366 [1987-88] has influenced the best possible achievement of the above points and will help the policy makers of the heavy industries of the country in their precise implementation.

What is certain is that in these policies, units that were in the service of defense and agricultural production, as well as dieing, machine manufacturing and equipment manufacturing units, will be given priority.

For these units, the year 1365 [21 March 1986-20 March 1987] was the year for reflection and reducing dependence on abroad. In 1366 [1987-88], too, considering the experiences gained in the past year, this policy will be continued.

Engineer Behzad Nabavi pointed out:

The year 1365 [1986-87] was a very difficult year for the entire national economy, especially the industries. Our economy relied on oil, and the price reduction and the decline in the level of oil exports, accompanied by the decrease in the value of the dollar vis-a-vis other currencies, created some problems.

Explaining the economic pressure on the industries of the country, he said: The price of oil, which in late 1364 [21 March 1985-20 March 1986] was \$28, today is \$18. In addition, we sell our oil in dollars while we import our goods with other currencies.

The value of a dollar in mid-1364 [21 March 1985-20 March 1986] equaled 3 DM or 230 Japanese yen. Today, however, a dollar is equivalent to 1 DM or 130 yen, while the value of our money today is only 55 percent of its value in 1364 [1985-86].

In 1365 [1986-87] this resulted in our studying, preparing and implementing the economic reform and expansion plan for the industrial units.

For example, the issuance of new agreements in principle was avoided while 1,700 permits to establish units, with the capital of 42 billion rials, have been issued since 1362 [21 March 1983-20 March 1984].

Then we eliminated superficial policies and moved towards fundamental goals, because we had to design and implement reforms in industrial structure and it was necessary to engage in completing the production chain and filling in the gaps.

He added: In the area of implementing new plans, we will set priorities by looking at the level of currency rations and the currencies that we could obtain.

Hence, steps taken in 1365 [1986-87] can be categorized as follows:

1. The movement in defense industry production was expansive, and for the first time, the dieing industry operated at a high level of output. About 50 percent of our production in 1365 [1986-87] was in the area of defense.
2. The lines of the units will finally be changed to essential and unified production.
3. Movement took place in reforming the personnel structure of the units last year.

The minister of heavy industries pointed out: In 1366 [1987-88], our programs will not change very much and our policies this year will not change in quality compared to those of 1365 [1986-87].

He also said: We hope that in 1366 [1987-88] we will take in a minimum of \$60 million in foreign currency through heavy industries exports, whereas this figure in the past would not even reach \$10 million. On this course, we will provide all facilities and will make a serious attempt to prevent the import of goods that are produced domestically.

In conclusion, Engineer Behzad Nabavi said: I request that the units under our control be active in several areas this year.

1. [They should be active] in the area of non-petroleum exports, which, considering the market and the Japanese, German, and Korean sellers or those in Brazil, Turkey and India, will be a very difficult task.
2. In 1366 [1987-88], you must provide for your expenditures by production, and the best method is to bring in parts and materials and then export the goods instead.
3. In addition to the headquarters for production control and the headquarters for planning control, we must create a new headquarters, the headquarters for the procurement of materials from domestic and foreign sources.

According to the economic correspondent of KEYHAN, various deputies of the Ministry of Heavy Industries then explained the operations and plans for 1366 [1987-88] for their divisions. In conclusion, the questions of those present in the meeting were addressed and answered by the minister of heavy industries and the deputies of that ministry.

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END